

Cusack, Thomas R.

**Working Paper**

## Social capital, institutional structures, and democratic performance: A comparative study of German local governments

WZB Discussion Paper, No. FS III 97-201

**Provided in Cooperation with:**

WZB Berlin Social Science Center

*Suggested Citation:* Cusack, Thomas R. (1997) : Social capital, institutional structures, and democratic performance: A comparative study of German local governments, WZB Discussion Paper, No. FS III 97-201, Wissenschaftszentrum Berlin für Sozialforschung (WZB), Berlin

This Version is available at:

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Forschungsschwerpunkts Sozialer Wandel, Institutionen und Vermittlungsprozesses des  
Wissenschaftszentrums Berlin für Sozialforschung

FS III 97-201

**Social Capital, Institutional Structures,  
and Democratic Performance:  
A Comparative Study of German Local Governments**

Thomas R. Cusack

Berlin, January 1997

Wissenschaftszentrum Berlin für Sozialforschung gGmbH (WZB)  
Reichpietschufer 50, D-10785 Berlin,  
Telefon (030) 25 49 1-0

*Zitierweise:*

Cusack, Thomas R., 1997:

Social Capital, Institutional Structures, and Democratic Performance: A Comparative Study of German Local Governments

Discussion Paper FS III 97-201.

Wissenschaftszentrum Berlin für Sozialforschung (WZB)

## **Abstract**

A great deal of attention has been given recently to the political culture approach in the form of Putnam's argument regarding the importance of social capital in shaping performance in both the political and economic systems. One implication that can be drawn from his study of Italian regional governments is that in the absence of large stocks of social capital, governmental institutions cannot be constructed that would afford superior democratic performance. While entertaining the hypothesis that social capital contributes to government performance, this paper also argues that institutional differences in government forms do play an important role in shaping the levels of citizen satisfaction with their governments. In particular, it is argued that by minimizing the number of potential veto players within the institutional structure of the government decision making system, performance can be heightened. Drawing mainly on data from two surveys (of elites and citizens) in a large number of German communities conducted during 1995, an assessment of the cultural and institutional hypotheses is carried out. The results suggest that social capital (at least that manifested within local elite political culture) does contribute to better performance. In addition, regardless of the level of social capital that marks a community, governmental performance is enhanced through institutional structures that lower or minimize the number of veto players.

## **Zusammenfassung**

Dem Politischen-Kultur-Ansatz wird derzeit durch Putnams Argument der Bedeutung des Sozialkapitals bei der Gestaltung der Performanz politischer und ökonomischer Systeme große Aufmerksamkeit gewidmet. Als eine Implikation aus seiner Untersuchung der Regionalregierungen in Italien kann angenommen werden, daß bei nicht vorhandenem Sozialkapital keine staatlichen Institutionen geschaffen werden können, die eine bessere demokratische Performanz bieten könnten. Der Hypothese, daß Sozialkapital zur Regierungsperformanz beiträgt, folgend, wird in dem vorliegenden Papier argumentiert, daß institutionelle Unterschiede in den Regierungsformen doch eine wichtige Rolle bei der Bestimmung des Grades der Zufriedenheit der Bürger mit ihren Regierungen spielen. Speziell wird nachgewiesen, daß durch eine Minimierung der Anzahl potentieller Vetoakteure innerhalb der institutionellen Struktur des Entscheidungssystems der Regierung die Performanz erhöht werden kann. Unter Nutzung der Daten aus zwei Umfragen (Eliten und Bürger), die 1995 in einer großen Anzahl deutscher Gemeinden durchgeführt wurden, wird eine Einschätzung der kulturellen und institutionellen Hypothesen vorgenommen. Die Ergebnisse legen nahe, daß das Sozialkapital (zumindest jenes, welches sich in der politischen Kultur der lokalen Eliten manifestiert hat) wirklich zu einer besseren Performanz beiträgt. Darüber hinaus wird die Regierungsperformanz - ungeachtet des Niveaus des Sozialkapitals, das die spezielle Gemeinde auszeichnet - durch institutionelle Strukturen verbessert, die die Zahl der Vetoakteure verringern bzw. minimieren.



## Introduction

The purpose of this paper is to explore the sources of citizens' satisfaction with the performance of their local governments. Why do some municipal governments perform well in the evaluations provided by their constituents, and why do others perform poorly? In attempting to answer this question I draw upon two research traditions, the cultural and the institutional, which have endeavored to illuminate the sources of governmental performance. The study relies principally upon data collected in two surveys conducted across a large number of municipalities in the Eastern and Western regions of the Federal Republic of Germany during 1995, five years after German Reunification.

The political culture approach to explaining governmental performance has a long and checkered history (Almond and Verba, 1963, 1980; Barry, 1970; Laithin, 1995). The central notion here is that a set of internalized norms structure political behavior and that the wide-spread presence or absence of one or another of these norms dictates the chances that any society has of having a successful or unsuccessful governmental regime. These norms themselves arise out of the socialization process and are reinforced or reproduced in the normal conduct of social life. The political culture approach, in the eyes of one critic, was long in a moribund state (Laitlan, 1995). One advocate of this approach recently suggested that it was enjoying a renaissance (Ingelhart, 1988). While that claim was perhaps premature when made, certainly the publication of Putnam's (1993) research on Italian regional government and much of the initial reaction to it might suggest that the political culture approach is resurgent (see., e.g., La Palombara, 1993; Laitlan, 1995). The research reported here attempts to evaluate the utility of Putnam's concept of social capital in accounting for variation in local government performance within Germany.

Another approach to explaining variations in the success of governments is to be seen in the long tradition that has attached importance to the differences in institutional features of government. A significant amount of work on national level differences in institutional structure is to be found in the contemporary literature (see, e.g., Lijphart, 1984; Baylis, 1989; Weaver and Rockman, 1993; Schmidt, 1995; Taagepera, 1996). And, while particularly in the United States and Germany, similar efforts have been made using rather gross distinctions in institutional features to account for variations in local government performance, little consensus has developed on the importance of such differences (in the American context, see, e.g., Stoker and Wolman, 1992; Wolman, 1995; in the German context, see, e.g., Shimanke, 1989). In its most advanced form, this general approach has paid particular attention to formalizing arguments about how structure shapes incentives and strategies and thereby influences the performance of government (Shepsle, 1989). Drawing on a model in this tradition, a model focused on veto players in a decision-making system (Tsebelis, 1995), an effort is made to illuminate the possible effects of institutional differences on local government performance.

The primary empirical material used in this study is drawn from two surveys conducted during 1995. The first survey, carried out in conjunction with the International Project on Democracy and Local Governance, focused on local government elites in 77 randomly selected medium size municipalities in East and West Germany and was carried out in the spring and

summer of that year. The primary substantive concerns of the questionnaire dealt with, among other things, local elite political values and the problems, resources, and policies of their municipal governments. The second survey was conducted in December of the same year. It focused upon citizens within a subsample (30) of the 77 communities included in the initial survey. The primary concerns of the second survey were with citizens' political values, their engagement in the civic life within their communities, and their evaluations of the performance of various institutions of local government.<sup>1</sup>

In the next section the social capital and institutional approaches to democratic performance are outlined. An effort is made to describe the central points of Putnam's argument and some of the criticisms that have arisen regarding this argument. It then goes on to describe the way scholars have traditionally approached the question of institutional differences (and their importance for performance) across German local governments. A critique of this is provided and an alternative thesis is presented along with the empirical basis for evaluating this thesis. The third section presents an empirical analysis of the social capital and institutional theses. Focusing on citizens' satisfaction with the performance of their local governments, it embeds both these arguments within a larger model meant to explain variation in performance levels. While support for both arguments indeed is found, some problems with respect to the social capital argument have been uncovered in carrying out the analyses undertaken in conjunction with this paper and these are briefly discussed at the end of this section. The last section provides some concluding comments.

## **Explaining Democratic Governmental Performance**

### ***Political Culture or Political Institutions?***

Robert Putnam's (1993) claims about the centrality of cultural factors in determining institutional performance have received a great deal of attention. On the basis of an elaborate theoretical argument and extensive evidence drawn from a decades' long study of regional governments in Italy, the major claim made by Putnam is that communities marked by high stocks of social capital will have better performing governments than those where these stocks are low. Putnam is, to my mind, somewhat ambiguous as to the meaning this has for institutional reform and engineering. On the one hand, one can read the work as suggesting that culture, with its deep historical roots, can hinder government performance regardless of the institutional

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1 . The technical description of the elite survey is provided in Cusack (1995). Other reports from this project include Cusack (1996a,b) and Cusack and Weßels (1996). A brief description of the way in which the surveys were carried out is contained in the appendix to this paper.

arrangements one adopts to govern with.<sup>2</sup> On the other hand, he suggests that "changing formal institutions can change political practice" (1993: p. 184). Indeed, in a much earlier study (where a good deal of the same evidence was presented but where the conclusions were far less sweeping in their claims with respect to the primacy of political culture), he and his collaborators suggested that

*"[e]ndogenous theories* [which] seek to explain institutional success or failure in terms of internal characteristics and processes of the institution itself, ... and ... *ecological theories* [which] emphasize characteristics of the environment of the ... institution... are complementary [approaches]. " (Putnam, et al, 1983)

The approach taken here is somewhat agnostic. First, I am willing to believe that indeed the more balanced view i.e., both institutions and culture matter, that one can take away from Putnam's work is correct. Second, I am not convinced that either the "institutional" or the "cultural" approaches are sufficiently well developed theoretically; nor do I believe that the empirical claims made by advocates of either approach are sufficiently well validated. Third, even if the claims that Putnam and his colleagues have made about Italy and the United States hold there, it is not at all clear that they have any relevance to other contexts. Certainly, the case of the Federal Republic of Germany, in the mid-1990s, with the presence of both the old and the new Federal states, can serve as an appropriate setting for examining both Putnam's claims about culture and the claims made by the "institutionalists."<sup>3</sup>

### ***Social Capital and the Civic Community***

The effectiveness of free or democratic regimes is seen to depend critically on the social environment within which they exist. This "exogenous" theory of democratic performance, variously called "republican" or "civic republicanism," stands in contrast to another major variant of democratic theory, that espoused by the liberal school with its emphasis on individual rights and liberties. The major claim of civic republicanism is that the "civic virtue" of citizens strongly shapes the performance potential of democratic government. In "civic communities," i.e., communities where civic virtues are widespread among the citizenry, democratic governments perform well. In non-civic communities there is little civic virtue to be found and, as a consequence, democratic governments therein perform poorly.

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2 . Laitin (1995, p. 172), for example, sees this as the principle lesson to be drawn from the Putnam study: "[t]he deeper conclusion is that democratic institutions cannot be built from the top down (or at least not easily). They must be built up in everyday traditions of trust and civic virtue among its citizens."

3 . Others have noted that Germany after unification might provide a good venue for examining the "culturalist" claims (see, e.g., Goldberg, 1996; Tarrow, 1996).

For Putnam, civic virtue is a mix of traits. A citizen with civic virtue is interested in public affairs, is tied to the community through membership in civic associations whose principal defining characteristic is equality, is a person who through such participation learns to be trusting of others and tolerant of diverging views. A hallmark of the civic community is a dense network of civic associations. Such an environment promotes "habits of cooperation, solidarity, and public spiritedness." This internal effect is conducive to producing citizens capable of working effectively in a democratic political system. It further helps the democratic political process through its external effects, viz., its facilitation of interest "aggregation" and "articulation."

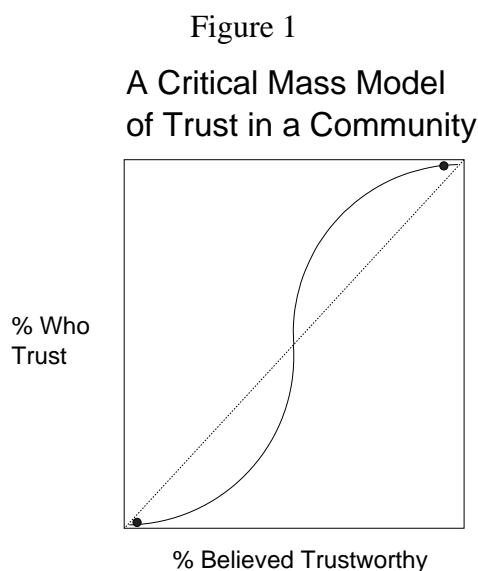
It would appear that civic virtue is an individual-level manifestation of what Putnam describes as social capital. Social capital is defined as a feature of society that promotes social efficiency by way of "facilitating coordinated actions" (Putnam, 1993, p. 167). There are a number of facets of social capital and these are themselves interdependent. Putnam stresses three. First, there is *trust* which is held to be an "essential component of social capital" because it facilitates the cooperation necessary for coordination within society (Putnam, 1993, p. 170). Second, there is the *norm of generalized reciprocity*, which facilitates "the resolution of dilemmas of collective action." It is described as a "highly productive component of social capital" (Putnam, 1993, p. 172). Third, there are *networks of civic engagement* which are also said to constitute "an essential component of social capital" (Putnam, 1993, p. 173). Represented by secondary associations, such as sports clubs and choral societies, they provide venues for "intense horizontal interaction" that foster "social trust and cooperation" (Putnam, 1993, pp. 173-4). Ultimately, then, the value of social capital is to be seen in its facilitation of cooperation among citizens within a community.

The postulate that the facets of social capital are interdependent plays a very important role in Putnam's argument. This is the key to understanding how social capital is produced and reproduced. No one of these elements and their direct by-product, cooperation, fails to affect the others. Thus, trust is seen as arising "from two related sources -- norms of reciprocity and networks of civic engagement" (Putnam, 1993, p. 171). Trust itself "lubricates" cooperation and cooperation in turn promotes trust (Putnam, 1993, p.171).

At the same time, "[s]ocial trust, norms of civic engagement, and successful cooperation are mutually reinforcing" (Putnam, 1993, p.180) For example, the knowledge that trust will not be exploited is seen as facilitating and promoting the norm of generalized reciprocity (Putnam, 1993, p.172). The latter encourages cooperative participation in social networks which feeds back by strengthening this norm (Putnam, 1993, p. 176). Further, unlike physical capital, the use of social capital increases the stock of this commodity. Lack of use diminishes it (Putnam, 1993, p. 170).

These attributes of mutual reinforcement, self-reinforcement, and cumulativeness bring about either one of two social equilibria (Putnam, 1993, pp. 177-81). The first is the result of a "virtuous circle" where the high stocks of social capital sustain themselves and generate more social capital. The second is the product of a vicious circle where the relative absence of these traits reinforces defection and non-cooperation and thereby undermines any existing stock of social capital. The dynamics just described are typical of social phenomena that Schelling

illustrates with a "critical mass" model as portrayed in Figure 1 (Schelling, 1978, pp. 91-110). When, for example, the expectation that one will find trustworthy individuals in one's environment changes along the horizontal axis, so too will the tendency for individuals to behave in a trusting way. However, the dynamics of the process are very sensitive in the middle regions of the horizontal axis, with the system prone to tilt very quickly in one direction or the other toward one of the stable equilibria that characterizes the degree of trust held within the community (see Taylor, 1996, p.4).



In its own right, the existence of two equilibria for social capital within a community is important, but its importance also rests on the assumption that what pervades mass culture also pervades elite culture. Putnam's position here is that these two cultures will be similar in terms of their stocks of social capital (Putnam, et al, 1983, p.66). Communities where the masses are trusting, engaged, and cooperative, have elites that are similarly endowed. In those communities where these traits are absent in the citizenry, so too are they missing among the elites. There are, as Putnam et al suggest (Putnam, et al, 1983, p.86), "important parallels between mass and elite political culture."

What impact does social capital have on governmental performance? And what are the mechanisms by which this impact is transmitted? Since social capital promotes civic virtue in citizens it is expected then to create civic communities and their well performing democratic governments (Putnam, 1993, pp. 175-176). Putnam suggests two channels through which this effect comes about. In one, because citizens with civic virtue are so engaged in their communities, they are more effective in demanding and acting to get good government. Through their dense organization networks they can act to pressure government to perform well. In the other channel, by providing a strong social infrastructure for the community and inculcating democratic values within elites and masses, social capital facilitates the kind of cooperation and collaboration needed to identify, adopt and implement effective policies for the community (Putnam, 1993, p.182).

The consequence of this for democratic theory can be seen from both a pessimistic as well as an optimistic perspective. Pessimistically viewed, it suggests that no amount of institutional engineering will allow a democratic government to perform successfully if the culture within which it is embedded is not replete with social capital. Optimistically viewed, it implies that while performance is degraded in environmental conditions marked by a dearth of social capital, institutional effects can still work an independent effect; however, whatever positive effects an institutional design might have, it would simply work better if the environment within which it existed were more favorable.

The argument of Putnam can be summarized in the following five points:

(1) social capital promotes cooperation and cooperation facilitates problem solving within the community and polity; (2) the components of social capital reinforce each other, they are mutually related and their use facilitates greater stocks, while their disuse diminishes the stocks; (3) unless undergoing some dramatic change, communities are marked by either high levels of social capital or low levels of social capital; (4) the stock of social capital in a community's mass political culture is reflected in the stock within the community's elite political culture; (5) in democratic communities with high levels of social capital, government's performance will be good; in such communities where the levels of social capital are low, government performance will be poor.

The findings provided in Putnam's two major reports (Putnam, et al, 1983, Putnam, 1993) on Italian regional government performance are extensive and in characterizing them here I will concentrate only on those that have greatest relevance and importance for this paper. First, Putnam found that while there were clear differences in citizen and elite satisfaction with the regional government, nevertheless, there had been an appreciable improvement in the levels of satisfaction over time. Still, many, particularly those directly involved in these governments, grew less optimistic about the capacities of these institutions to solve the problems of their regions.

Second, using a composite measure of "objective" indicators of regional government output, Putnam demonstrated that there were major differences across the regions in terms of governmental performance. Importantly for the question of democratic performance, this indicator is strongly correlated with expressions of satisfaction with the performance of their governments expressed by both citizens and elites across these regions.

Third, it was generally found that the degree of civic community strongly correlated with the performance index and its components. Initial theoretical and empirical work (Putnam, et al, 1983) argued and found that the performance effect of political culture was contingent upon level of socio-economic modernization. At low levels of modernity, culture plays little if any role and economic conditions dominate the determination of performance; at higher levels of modernity, culture becomes very important and replaces socio-economic conditions in terms of their importance in shaping performance.

Later theoretical and empirical work (Putnam, 1993) cast these two factors as independent and theoretically competing elements in the explanation of governmental performance. And, indeed, while socio-economic modernization is statistically strongly correlated with governmental performance, it is clear that the patterns that one finds in the relationship between these two variables are not all that convincing that one can conclude that performance really depends on modernization in an independent or an interactive manner. When, however, one examines the relationship between Putnam's index of civic community and the performance measure, the relationship is far more compelling. This is the case not only across all of the regions within Italy, but also across the regions within both South and North. And when other potential causes of governmental performance were examined (e.g., the ideological polarization and the fragmentation of the party systems, or the degree of conflicts within the regions) none of these indicators of social and political strife were found to be related to regional government performance.

### *Critiques of Putnam's Thesis and Evidence in the Literature*

Laitin (1995) holds that the field of political culture was given great impetus through the publication of Almond and Verba's *The Civic Culture* but that it quickly lost its way. The principal problem was the ambiguous conceptual and theoretical qualities of the "paradigm." It lost its adherents and effectively, in Laitin's view, became a degenerate research paradigm. Putnam and his collaborators' work is described as a "stunning breakthrough" which has reinvigorated the political cultural approach. This breakthrough is the result of what Laitin sees as three major innovations in Putnam's work.

The first breakthrough is methodological. Weaving together three tools of analysis, survey research, statistical analysis, and the historical method, Putnam is seen as providing impressive results that buttress his main theoretical points. The second and third breakthroughs are theoretical. In the second, Putnam is seen as providing an interesting theory of democratic institutional performance. Nevertheless, in Laitin's eyes there is a major problem here in that Putnam is seen as "conflating" democracy with effective governmental institutions. In other words, his principal dependent variable is a measure of institutional performance that in and of itself says little about democracy. In the third breakthrough, Putnam is seen as presenting a novel theoretical approach to culture. Culture is presented as a set mechanisms that keep society on a pre-selected path. For Laitin, this is a "narrow" interpretation of culture and one that those with a preference for a thick interpretation of culture will have difficulty with. In addition, Laitin suggests that Putnam's model of culture is not as well specified as that to be found in the "new institutionalist" literature.

Morlino (1995) questions the validity of both the contemporary and historical analyses provided by Putnam. He suggests, for example, that both the measures of performance and social capital are flawed in both content and operationalization. Further, he holds that the argument regarding the long-term historical reproduction process involving social capital does not fit the facts and is seriously flawed.

For Foley and Edwards (1996) there is a major logical and empirical problem with the Putnam thesis. They suggest that the idea that a public good, i.e., democratic performance, is produced by social capital is highly questionable. While it may be the case that densely organized social life can facilitate democratic governance, it is equally likely that such a condition can foster civil strife. Ultimately, the idea a highly organized community will produce cooperation and facilitate democratic government rests on the hidden assumption that the interests and actions of those involved are compatible, i.e., that conflict does not exist and that interests are harmonious.

Tarrow's (1996) critique centers on how political culture is linked to democratic performance. He suggests that the Putnam's work has little to say about democratic performance. Rather, Putnam's dependent variable is "not democratic practice but policy performance." He suggests that this entails an elitist definition of democracy because effective performance could as well have been provided by non-democratic governments within the social conditions that Putnam centers his research. (pp. 395-6). Tarrow's major critique, however, is that the role of the state is mis-specified. It is seen as profoundly affecting the shape of political culture. In a sense, then, the causality is reversed or at least needs to be seen as more complex than Putnam would have it.

Goldberg (1996) suggests that there are a number of major problems with Putnam's argument and evidence and that taken together these problems undermine the conclusions Putnam draws from his work. A major problem on the empirical side is, in Goldberg's view, that evidence when closely examined, does not support the argument. In particular, in Goldberg's view, for the social capital argument to hold, the strong covariation between social capital and performance across all of Italy (i.e., North and South) must be matched by similar levels of covariation within the two parts of Italy; he adduces a number of examples where indeed no such relationship holds.<sup>4</sup> A further problem is the path dependence argument to the effect that historical conditions have an overpowering weight in producing and reproducing civic culture and its absence is seen as unconvincing and not in accordance with historical evidence.

Levi (1996) sees three problems with Putnam's work. These deal with the (1) problem of path dependence in terms of social capital; (2) the mechanisms that supposedly produce social capital; and (3) how good government, particularly democratic government, is produced by social capital. She suggests that both the analytics of his path dependence argument as well and the historical evidence he provides to sustain this argument are insufficient. She faults him on his definition of trust and questions whether the interdependence among it and other components of social capital, e.g., strong associational life, norms of reciprocity, really holds. She finds the putative linkage between social capital and good democratic performance not to be convincing. Objections include the problem of free riding, the causal chain between active associational life

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4 . Goldberg makes the point that social capital should vary continuously across the regions of Italy for a proper test of Putnam's thesis to be made. Given Putnam's theoretical argument about the existence of only two social capital equilibria, i.e., cultures with high social capital and cultures with low social capital, this expectation on Goldberg's part seems erroneous.

and democratic political participation, the barriers between participation and effectiveness of demands, the strong likelihood that demands from organized groups will be non-democratic, and finally, the question of whether the causality flows in the other direction, i.e., from government performance to political culture.

### *Summary*

In light of this review, let me return to the five points I have used to summarize Putnam's argument above. On the first and second points, i.e., (1) social capital promotes cooperation and cooperation facilitates problem solving within the community and polity and (2) the components of social capital reinforce each other, they are mutually related and their use facilitates greater stocks, while their disuse diminishes the stocks, some critics are highly skeptical. Foley and Edwards (1996) and Levi (1996), in particular, suggest that just the opposite may hold. On the third point, i.e., communities are marked by either high levels of social capital or low levels of social capital, Goldberg argues that the contrary should hold. None of the critics have directly addressed the fourth point, i.e., that the stock of social capital in a community's mass political culture is reflected in the stock within the community's elite political culture. Nevertheless, a widespread opinion appears to be that this critical relationship likely does not hold. Finally, in terms of the fifth point, in democratic communities with high levels of social capital, government's performance will be good; in such communities where the levels of social capital are low, government performance will be poor, many critics appear to believe that the causality may be reversed or at least more complex than that found in Putnam's work.

After reviewing the institutionalist approach, this paper will turn to addressing the empirical merits of the social capital thesis in the context of German local government.

### *Institutional Structures*

#### *The Conventional Categories*

Traditionally scholars have held that there are four general and distinct categories of local government structures within the Federal Republic.<sup>5</sup> These four categories are rooted in the

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5 . This set of categories refers to those states, *Länder*, that are not, in turn, city-states, i.e., Berlin, Bremen, and Hamburg; it also ignores some of the different structures to be found in very small communities not included in this study.

For a useful overview of the differences that exist across these categories, see Derlien, et al (1976). More detailed discussions can be found in Püttner's (1982) second volume of the *Handbuch der kommunalen Wissenschaft und Praxis*, on Kommunalverfassungen. An very informative description in English is provided by Gunlicks' (1986) volume on local government in Germany. Another useful source is Norton (1994). The discussion in the following paragraphs draws heavily from these and a large number of other sources, including particularly the municipal constitution documents compiled in Schmidt-Eichstaedt's (1994) volume.

historical development of Germany and reflect the unique contributions of different German regional powers as well as external influences, especially French (in the 19th century) and Britain (in the occupation period after World War II).

The *South German Council (Süddeutsche Ratsverfassung)* form's origins were influenced by the 19th century Prussian Magistrat system and French local government practices. Further development of this model occurred in Bavaria after World War I and spread to Baden-Württemberg. These two states now have fairly similar government structures and this is to be seen especially with respect to the position of the mayor in the power structure. The mayor is directly elected and chairs the city council. Further, the mayor has direct control of the city government administration. This system of government is quite analogous to the strong mayor-council governmental systems found in some municipalities in the United States. Differences do exist between the Baden-Württemberg and Bavarian models. In the former case, mayoral elections are putatively non-partisan and the mayor and the city council are elected at different times (in addition, the mayor serves for a longer period of time than the council). In the Bavarian case, the mayoral elections are held at the same time as the council elections and the format of the elections is such as to allow for partisan affiliation of the mayor.

It is notable that in the period since Unification all of the new federal states have adopted variants of the *South German Council* form of local government. However, each of the states made modifications to the system when it was adopted and some have been slow in bringing into existence all of the planned features.<sup>6</sup>

The *North German Council (Norddeutsche Ratsverfassung)* form was introduced by the British occupation forces in the period after World War II. It embodied an effort to de-politicize governmental administration in response to the abuses during the Nazi era. Modelled on the British "town manager" system, this form is very similar to the city manager-council form introduced by the "Progressive" movement at the beginning of the 20th century in the United States. Here the city council is theoretically the only legitimate source of authority within the government structure. The mayor is not directly elected by the voters but rather is elected by the council itself. The administration is headed by a city manager (*Stadtdirektor*), appointed by the council and is charged with carrying out the wishes of the council. Originally, three states had this form, North-Rhine Westphalia, Lower Saxony, and Schleswig-Holstein. In the early 1950s, however, Schleswig-Holstein abandoned this system and adopted two different forms of local government, one for larger municipalities and another for the smaller communities. Across the two states that have retained this system of government, differences exist. One of the most important relates to the city manager's term of office and the ability of the council to remove the city manager from office (possible in the North-Rhine Westphalia system, not

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6 . Note that Derlien (1994, 1995) argues that this tendency, found to an extent as well in the West, was prompted more by partisan political considerations (especially in the state parliaments which define the constitutional frameworks for local government) and has not been based on arguments that have any solid scientific evidence supporting them. Furthermore, the climate of opinion and putative (and empty) claims of efficiency by advocates of particular models are seen as playing an important role in this development.

possible in the case of Lower Saxony). A special feature of the Lower Saxony system is the role and power of the "executive committee" (Verwaltungsausschuss). An organ separate from the council, it has broad powers to shape the agenda of the council and has veto powers over council decisions. This committee, headed by the mayor, is reputed to afford this latter office with greater powers over the city manager than those found in the North-Rhine Westphalia system.

The *Magistrat* ([*Unechte*] *Magistratsverfassung*) form, is a derivative of the reforms introduced in the early 19th century by Prussia. It departs from this model in that the Magistrat, an executive committee responsible for overseeing the city administration, does not have the right to reject decisions made by the city council. The mayor, the chairperson of the Magistrat, and the other members of this organ are selected by the city council but may not be members of the council. Additionally, there is a fixed ratio of "professional" to "non-professional" members of the Magistrat. Each member of the Magistrat is responsible for a specific administrative area and the Magistrat itself makes decisions in a collective fashion. Found in Schleswig-Holstein and Hesse, this form underwent a significant change during the early 1990s within Hesse. Now the mayor is elected directly by the citizens. At the same time, the collegial character of the Magistrat and other aspects of this system designed to minimize concentrated executive power have not been altered.

The *Strong Mayor* (*Bürgermeisterverfassung*) form, is the last category.<sup>7</sup> Its origins can be traced back to the period of French occupation during the Napoleonic era. Unlike in the French form that served as the model for this system, the chief executive is an elected official and not appointed by a higher level of government. However, the electoral body is the city council and not the citizenry.<sup>8</sup> Developments over time have moved this system in the direction of lessening the concentration of power in the hands of this chief executive. While chair of the council as well as chair of the major committee within this council, i.e., the city executive committee or *Stadtvorstand*, the mayor can only make executive decisions if a majority of the members of this committee is in agreement. The mayor shares authority over the city administration with the other members of the committee. This system is found in the two Western states of Rhineland-Palatinate and Saarland.

Operationally, there are four principal characteristics that scholars have used in distinguishing among these types of local government forms (see Table 1). Included are (1) whether primary competence for decisions (or sovereignty) is divided or not; (2) the form which executive leadership takes; (3) the role of the chief executive in the legislative branch, i.e., the municipal council; and (4) the mode of electing the chief executive.

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7. It is interesting to note that this form is somewhat similar to that characterized as *weak-mayor council form* where the chief executive officer, the mayor, has to share power with a committee selected by the council, and is quite constrained in the autonomous exercise of power.

8. Note, however, that since 1994, direct election of the mayor has been introduced in a large number of municipalities in the Rhineland-Palatinate. The timing of its introduction in individual municipalities has been keyed to the end of the term of the indirectly elected incumbent mayor.

**Table 1**  
**Standard Classification of Local Government Forms Generally Found in the Literature**

Constitutional Type:	South German Council (Suddeutsche Ratsverfassung)	North German Council (Norddeutsche Ratsverfassung)	Magistrat ([Unechte] Magistratsverfassung)	Strong Mayor (Bürgermeisterverfassung)
Principal Characteristics :				
Division of Competence (Sovereignty)	"Dualistic"	"Monistic"	"Trialistic"	"Dualistic"
Form of Executive Leadership	"Monocratic"	"Monocratic"	"Monocratic and Collegial"	"Monocratic"
Role of Chief Executive in Council	Vote and Chair	Neither Vote nor Chair	Neither Vote nor Chair	Vote and Chair
Mode of Electing Chief Executive	Direct	Indirect	Indirect	Indirect
Classifications of Old Federal States Generally Found in the Literature:	Bavaria Baden-Württemberg	North Rhine- Westphalia Lower Saxony*	Hesse* Schleswig-Holstein (large)*	Rhineland- Palatinate* Saarland Schleswig-Holstein (small)*
Classification of New Federal States:	Brandenburg Saxony Saxon-Anhalt Thuringen (Mecklenburg- Vorpommern*)			

\* Both Hesse and Rhineland-Palatinate recently adopted and employed a direct form of electing chief executive. In the recent (September 1996) local government elections in Lower Saxony, this innovation was introduced in a number of municipalities. Schleswig-Holstein will soon introduce this change as well.

\*\* Mecklenburg-Vorpommern is scheduled to introduce direct election of mayor in the near future.

On the first dimension, three distinct patterns are observable. In one, found in the North German Council form, primary competence is not divided but rather confined to one governmental organ ("Monistic"), in this case, the council. In both the South German Council and Strong Mayor forms, primary competence constitutionally is split between two elements of the governmental structure ("Dualistic"), viz., the mayor and the council. The third pattern is to be found in the Magistrat system where primary competence is divided among three elements of the government ("Tripartite"), viz., the council, the magistrat, and the mayor.

As to the form of executive leadership there are two principal patterns. In the more commonly found pattern, executive leadership is concentrated in the hands of the chief executive officer ("Monocratic"), the mayor in the South German Council and Strong Mayor systems, and the city director in the North German Council form. In the Magistrat system, executive leadership is shared by the chief executive officer and the other members of the Magistrat.

The third dimension deals with the relationship between the head of the administration and the council. The role the chief executive has with respect to the council is seen as shaping the possibility for sensible cooperation between the elected representatives of the people and the administration. Two general patterns hold. In both the South German Council form and the Strong Mayor form, the chief executive officer, i.e., mayor, both chairs the council and has voting powers. In the other two constitutional types, the chief executive officer, viz. the city director (North German Council form) and the mayor (in the Magistrat form), neither chairs the council nor has voting powers.

Finally, as to the way in which the chief executive is elected, two general modes are prevalent. In the West, the most common election form has been indirect with the council electing the executive. Until recently, direct election of the mayor was confined to the two states using the South German Council form. Most of the new federal states in the East have implemented this mechanism, and in the West it was adopted by Hesse (with its Magistrat constitution) and Rhineland-Palatinate in the early 90s. This election modus likely will become more widespread in the other Western states over the next few years.

What importance do these differences in governmental institutional structures have for the performance of government? This has been something of an issue for administrative and political scientists in recent times and has also played itself out in political debates in both the old federal states and the new ones. In the old federal states the question has centered on the need some suggest exists to alter one or another specific model and adopt attributes found in others. In the new federal states, both the need to create systems of local government that fit within the German federal system and desire to preserve the special democratic climate associated with the revolution that brought about the collapse of the old regime have played a role (Wollmann, 1995).

The most salient proponent for the need for modifying existing systems is Banner (1984). His study focused on the sources of differential performance (with respect to ability to balance municipal government budgets). The differences were apparent in the "North-South Gap" that

arose in municipal budgetary situations during the early 1980s; this was particularly notable in the contrast between municipalities in North Rhine-Westphalia on the one hand, and municipalities in Baden-Württemberg and Bavaria on the other hand.

Banner argued that the explanation that attributes this to "exogenous" sources that cannot be influenced by the local government can only be seen as a partial account. In his view one needs to take into account the varying degrees of success in control over the budgetary process that arise from "endogenous" sources. He particularly wanted to highlight the structural characteristics of the local governments and how these contribute to budgetary outcome problems.<sup>9</sup> At the core of his argument is the idea that the constitutional forms of these governments, the formal rules that prescribe the parameters of leadership, set the conditions that either enhance or weaken the control or steering capacity of these governments.

He saw control of the budget as central to the ability of local governments to carry out their sovereign responsibilities.<sup>10</sup> Banner argued that this can only come about when the equilibrium between diverse special interests on the one side, and central steering capacity on the other, is such as to favor the latter.

Although the city council passes the legislation that governs the community, the legislation itself is primarily formed in preliminary stages where elements of the administration (usually in conjunction with council committees) prepare that legislation and eliminate options or so shape the decision agenda in such a way as to foreordain the outcome in a particular direction.

In this process, a variety of political and administrative actors with special interests and individual and organizational ambitions play a central role. To the extent that these diverse and often competing interests cannot be filtered in a rational and coherent way, then the combined outcome is likely to be incoherent. Banner employed the metaphor of a funnel to capture the essence of the process. The greater the institutional capacity of the system to filter out "fachpolitisch" or bureaucratic and partisan interests, in other words to control individually rational but collectively irrational policies, the more effective the entire policy output package will be. Three interdependent factors are at work. First, the greater the strength of bureaucratic forces, the higher the tendency for policy output to go awry. Second, the strength of partisan forces further contribute to this tendency, with the greater partisanship leading to ineffective

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9 . He emphasized that this factor is not the only source of the problems. That means, contrary to many critiques of his position, he explicitly states that he is not advancing a monocausal argument (1984,p.364).

10 . While German municipalities have financial sovereignty, their ability to function can be endangered by fiscal problems. Each state charter for municipalities assigns to a state level government agency the power and responsibility to oversee the financial soundness of the municipal governments. Should a municipality, because of a severe fiscal crisis, come into financial trouble, this agency has the right to appoint a City Commissioner (Staatskommissar) who can take charge of the municipalities financial decision making. If the fiscal situation reaches the point where municipal services would completely collapse, the state government would provide financial aid to the municipal government (see Borchert, 1976).

policy outputs. Third, the weight, influence, and power of the "central politician," the chief executive officer, can counteract these forces and thereby act as an effective filter in the policy process funnel.

The latter is critical in shaping the parameters that guide the strategic moves available to bureaucratic and partisan actors. Structurally constrained to a weak position with little influence or power, a chief executive officer in a local government system will have great difficulty controlling these forces and will, as a consequence, "preside" over a policy making and implementation apparatus that will with a high likelihood generate poor governmental performance. However, if the institutional conditions defining the role and powers of the chief executive office are such as to afford in uniform and effective control over these divergent interests, using Banner's metaphor, filtering out special interest influences, be they bureaucratic, political, or a mixture of the two, the effect is to enhance the chances that performance will be positive.

The strength of special interests, particularly as these flow out of the workings of the administrative apparatus in setting the policy agenda, is greatest where the leadership function of the administration is of a collegial sort and not concentrated in a single officer. Instead of having a structural situation that facilitates coordination, this type of system minimizes the possibilities that such coordination can occur. Such special interest strength is reduced when power is concentrated, but this will be contingent upon the relationship between the chief executive and the council. Where the executive is dependent upon the council, e.g., the executive is elected indirectly and not directly, the ability of the chief executive is weaker than where this dependence relationship does not hold.

Alone, or in combination with allies in the administration, elements within the council representing strong partisan forces can greatly influence the policy process in the absence of an institutionally strong chief executive. Where the balance of power between the legislature and the executive is constitutionally weighted on the side of the former, the expression of partisan preferences come to the fore. The possibility that these at least take a coherent form may be greatest in a situation where a single party holds a majority. But this is relatively rare in German city councils, and even where it does hold, the personal and factional ambitions that exist within a party are often enough to generate incoherent policies. Where a stable majority coalition exists, there is the problem of developing and maintaining a coherent and enduring set of policies that conciliate the parties (and their factions) involved. And where majorities are often changing, a situation that frequently occurs at the local government level, the possibility of a coherent policy process is minimized. This source of policy incoherence (hence poor output performance) can be filtered out in significant ways to the degree that the powers of the chief executive overwhelm those of the council. Incoherence may mark the expression of preferences there, but the chances that they get transformed into policy are lowered to the extent that the chief executive officer (1) can set the agenda, (2) curb council-administration coalition formation, (3) control the deliberations of the council, (4) exercise significant veto powers, (5) rely upon a mandate directly granted by the citizens and not the powers that exist within the council, and (6) exercise significant autonomous decision making.

For Banner, there are three basic types of "central politicians," chief executive officers, to be found under the different constitutional structures of local government within Germany. The first, the "natural central politician," is to be found in municipalities that have the "South German Council" form of constitution. With that officer's control over the administration and the council, and the officer's own re-election interests, this politician is favored with institutionally based power and preferences that maximize the chances of coherent and adaptive policy that should lead to the best performance by the local government system. The second, the "logical central politician" is the mayor in the "Magistrat" and "Strong Mayor" forms. Potentially the most influential figure in this type of system, this officer has the best chance of any actor therein to play the coordination role needed for coherent and adaptive policy. The ability of this officer to do so, however, is contingent on an extensive variety of conditions within the city government, and there is no guarantee that these conditions will hold. The third, the "equivocal politician" is the city manager in the "North German Council" form of local government. Neither fish nor fowl, this officer has the weakest position constitutionally of all three types and the potential for systems performing well with this form of chief executive has to be seen as being minimal.

Richter (1989) suggests that Banner's thesis regarding the importance of institutional differences gives the impression of being a monocausal argument. More particularly, by keeping its focus on the albeit important policy outcome of budget balances, it fails to consider other equally if not more important criteria of performance. While admitting that the traditional four categories of governmental forms is based on simplistic stereotypes, he suggests that nevertheless there are clear tendencies associated with each in terms of their impact on these other areas of performance.

Table 2 provides my efforts at giving a systematic interpretation to the putative effects that Richter sees as deriving from these different institutional forms.<sup>11</sup> He uses seven criteria, including two political integration effects (personal and policy), openness to citizen participation and closeness to citizens, the quality of the way in which the division of labor between politics and administration operates, the ability to minimize conflict during decision preparation stages in the policy process, the capacity for bringing competent policy area specialists into the administration, the fiscal efficiency and soundness of the budgetary process, and, finally, the ability to provide central control over bureaucratic/political ambitions and interests. Interestingly, the overall picture that emerges is about the same as that provided through the more narrower focus of Banner's. The South German Council system is judged as being superior on most counts, and equal to the best performing alternatives on the remaining criteria. Simultaneously, the North German Council system is judged to be inferior on practically all dimensions, the only exception being its the capacity for bringing good policy area specialists into the administration, where it is rated equal to the South German Council system, and better

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11 . In the table I have used four possible gradings of performance, 0 (bad, weak, etc.), 1 (conditional, etc.), 2 (good, etc.), 3 (ideal, optimal, very good); these are based on Richter's commentaries.

than the other two forms of government. Richter's evaluations of the two intermediate performers, when taken together, is such as to suggest that the Strong Mayor form does better than the Magistrat type of system.

Prior to Banner's efforts, a widely shared view of the impact of different constitutional structures on the decision making capacity of German local governments flowed from a fascinating comparative case study analysis conducted by Derlien, et al (1976). Examining the inner workings of the decision making process of four different city governments, each representative of one of the four basic types of systems, they came to conclude that differences in structure made marginal contributions at best to the way in which the process worked. What clearly came through in their research was the relative unimportance of the council as a whole, the significance of specific council committees, and the often dominating influence of elements of the city government bureaucracy. This view of the unimportance of constitutional differences still enjoys a large following. Derlien (1994) is himself still convinced of this position and is critical of both the theoretical quality of Banner's argument and what he describes as the lack of empirical support found for the argument.<sup>12</sup>

Schmidt-Jortzig (1987) admits that juridically speaking these are four different systems. In de facto terms, however, the differences are rendered relatively minimal through informal working arrangements (as well as structural changes) that have developed over time. Perhaps even more critical is the question of whether the differences so often used to distinguish these systems should really be expected to have any impact on the workings of the governmental system. Furthermore, there is the question of what criteria one ought to use in judging systems performance. The Banner argument is very much focused on governmental effectiveness in general, and really does not address the critical aspect of the effects on *democratic* government performance (Schimanke and Stanke, 1989).

And then, even if the institutional thesis is not to be seen as a monocausal argument, one is still left with the questions of what else matters, the degree to which these other potential influences combine with institutional forms to produce specific interaction effects, and the relative importance of institutional variation vis-a-vis other putative influences. For some, such as Voigt (1992), of far greater importance than constitutional forms is the local political culture. Naßmacher (1989) advances a number of other important influences, including political culture. And to this Schimanke and Stanke (1989) add the importance of supra-local institutional conditions. German local government systems are embedded within a complex institutional framework where federal and state structures restrict the latitude within which local governments can make autonomous decisions and control policy output and effectiveness.

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12 . See the volume edited by Schimanke (1989) for a number of empirical studies related to the "Banner Thesis."

**Table 2**  
**Standard Classification of Local Government Forms and Putative Effects**  
**(based on Richter, 1986)**

<i>Constitutional Type:</i>	South German Council (Süddeutsche Ratsverfassung)	North German Council (Norddeutsche Ratsverfassung)	Magistrat ([Unechte] Magistratsverfassung)	Strong Mayor (Bürgermeisterverfassung)
<i>Putative Effects:</i>				
Political Integration (Personal)	3	0	0/1	1
Political Integration (Policy)	3	0	2	2
Openness to Participation and Closeness to Citizens	2	0	0	2/1
Functioning of the Division of Labor between Politics and Administration	2	1	1	2
Minimization of Conflict During Decision Preparation Stages	2	0	2	2
Capacity for Appointing Good Policy Area Specialists	3	3	0	2/1
Fiscal Soundness and Efficiency	3	0/1	1/0	1
Central Control over Bureaucratic Political Ambitions and Interests	[3]	0	2	[2]

### *An Alternative Approach*

Does the traditional classification scheme outlining institutional variations in local government forms in Germany help us? The answer to this is that its weaknesses render it useless and another approach is needed.<sup>13</sup> Before turning to that approach let me outline two major problems I see with the traditional scheme. First, per the discussion above, the assumed (and permanent) homogeneity within categories does not hold.<sup>14</sup> There are notable differences; these are differences that have existed since the outset or have come into being through the course of modern German history. One is left in the awkward situation of using a scheme where different things are treated as being the same (and at times, the same things are being treated as different). Ultimately, then, one needs a more fine-grained assessment of the differences and similarities that hold across the various systems. Second, the theoretical status of these categories is at best uncertain. Analogous to an approach commonly found in dealing with institutional differences at the national level, some examples being contrasts between "presidential" vs "parliamentary" systems, "majoritarian" vs "consensual" systems, the import of these traits and the mechanisms by which they putatively shape performance is not at all clear (Lijphart, 1984, 1989; Linz, 1990). This has implications for the way in which one should go about measuring the differences and similarities between systems. The scheme that one uses needs to be tied to the theoretical argument that one is making. Below, then, I will outline the argument and then proceed to describe the measurement effort and the results that follow from it.

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13 . Derlien (1994) suggests that the four category scheme is analytically empty.

Schmidt-Eichstaedt (1985) departs from the traditional scheme. He argues that with the council constitutionally held to be the main source of authority and decision within all German local government systems and the impracticality of it actually exercising these rights in any extensive sense, then the critical consideration is how power is divided between the chief executive officer and the council. Again, he suggests that there are four types of system-solutions to this central question, but that these types differ somewhat from the traditional scheme. The first solution is the centralization of power in the hands of the chief executive officer, viz., the South German Council form. The second type provides a "power buffer" between the council and the chief executive. This is found in one example of the North German Council form (Lower Saxony) and one of the Magistrat form (Schleswig-Holstein). The third solution attempts to bind the chief executive officer to the council by embedding that officer in separate (but political) collegial body as found in the other example of a Magistrat form (Hesse), and in the Rhineland-Palatinate system of a Strong Mayor form. The fourth solution is "contrapuntal counterbalance" between the chief executive officer and the chair of the council. The two examples of this in the West are to be found in the two systems with the North German Council form North Rhine-Westphalia and Lower Saxony. Note here that in the case of Lower Saxony two solutions are said to be combined.

14 . See the commentaries by Derlien (1994, 1995) on changes that have taken place or are in the process of being implemented and how structurally incompatible configurations are being forged together.

In attempting to account for the relevance of institutional differences for governmental performance I draw upon an approach developed by Tsebelis (1995). At the core of this formulation is the notion of *veto players* and their influence on policy making. In the formulation the object of explanation is policy stability or what can also be described as policy ineffectiveness (which in turn is connected to the performance of government).<sup>15</sup> Vital to policy stability in any governmental system are the number of veto players, their coherence, and the distances between veto players in policy space.

A veto player is an actor, institutional or partisan, whose agreement is necessary for a policy change decision. As noted above, Tsebelis' model of policy stability centers on three attributes of veto players in a decision system. First, the sheer number of veto players in a system is critical to the ability of the system to alter policies. In the general case, the greater the number of veto players, the greater the policy stability, that is, the smaller the ability of the system to adopt policies congruent with any policy outcome other than the status quo. This follows from the tendency for the size of the area of agreement that is possible to reach between players to never increase in size with the addition of one or more actors whose agreement is needed to bring about a change in policy. At best, the addition of such an actor does not decrease that area.

Second, policy differences between veto players shape the area of potential agreement among the players. The more distant the policy positions are, the lower the ability to find agreement and therefore the greater the policy stability. This is a straightforward proposition regarding the difficulties that arise in reaching agreement when the preferred policies of actors differ in significant ways from one another.

Finally, collective players, say, for example, a party caucus in a legislature, can induce greater policy instability to the extent that the positions of the individual members in the collective differ from one another. In other words, the presence of one or more veto players with incoherent policy positions, lessens the difficulty with which agreement on policy change can be brought about within the system.

How does this approach relate to the question of local government structures in Germany? From the perspective of Tsebelis' veto player model I see the key to handling institutional structure in the German local government context as existing within the role and powers of the chief executive officer of the local government.<sup>16</sup> I am assuming that in the situation where role and power of this office are minimal, then other institutional elements, particularly the town/city council (and the party caucuses, or other groupings, therein) become of major importance. In this case, where party discipline is generally less developed, where fractionalization is quite

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15 . What is being assumed here is that governmental performance is intimately connected to the possibility for policy innovation. Policy stability, that is a policy of the status quo, in an environment subject to change, certainly will diminish the performance of a government by nearly any subjective or objective standard.

16 . In this the basic point the argument is similar to that of Banner's (1984).

high (hence increasing the number of "effective parties"), where politics is ultimately a part-time job, then the local government can be characterized as having a large number of veto players, and that the policy differences among these players will be significant. In addition, it is likely as well that in governmental systems where the role and powers of the chief executive are limited that the administration (or more specifically, elements of the administration) will also achieve the status of veto players as well. This situation detracts further from the possibility of providing superior performance.

Alternatively, systems that confer institutionally strong powers to the chief executive officer have the effect of greatly reducing the number of veto players. With strong control over the administrative apparatus of the local government, the chief executive can ward off "Balkanization," i.e., the development of strong centers of power therein where these centers have competing and contradictory interests. Further, a strong position for the chief executive officer vis-a-vis the council can effectively eliminate or at least weaken the factions that potentially might achieve veto player status. By effectively dominating the "pre-decision" phase of legislation (with centralized control over the administration and dominance inside legislative committees) and by having powers of agenda setting within the council itself, a strong chief executive greatly reduces the number of players who can act to veto policy. In addition, the fractionalization, within the council as a whole and within council caucuses, expands the possibility of a institutionally strong chief executive finding the legislative support needed to carry out the program that officer has settled on.

In sum, within the German local government systems where the role and powers of the chief executive are very great, I argue that (1) the council and its constituent parts lose or are significantly weakened in their status as veto players; this is especially so because of the agenda setting capacities of a constitutionally defined strong chief executive, the veto powers of that officer, and the executive's ability to hinder elements of the council and the administration from forging strong localized centers of power in coalition with one another; (2) this situation also minimizes the chances that the administration or parts of it can achieve veto player status; furthermore exclusive control and oversight over the administration enhances the ability to assure that policy innovations are effectively carried out.

In order to apply this theoretical approach one needs some sort of encompassing measure that reflects the "veto player" situation in the different governmental systems across the various states. While Tsebelis suggests that there are rules one can use to identify veto players and their attributes, the present research problem does not really lend itself to a straightforward accounting of numbers and attributes. The solution used here is to adopt a measure that reflects the prevailing general decision making situation in the different local government constitutional orders.

In what follows I have brought together a set of constitutionally defined structural elements of the twelve local government systems included in this study. These elements are central to illuminating the power position of the chief executive officer and facilitate identifying, in an

admittedly crude fashion, the veto player situation that prevails within these systems.<sup>17</sup> Two general indices are constructed from sets of characters that have been coded using some simple rules; these two indices are then combined (in an unweighted fashion) to produce an overall index of power centralization in the office of the chief executive of the local government.

There are two general areas which give shape to the scope of powers available to the chief executive officer within German local government. The first of these is the autonomy granted to that officer in directing the execution of government administrative matters. The second is that officer's broad political position vis-a-vis the legislative branch, i.e., the city council. The components that go into these measures (with the relevant scoring) are summarized in Table 3, as are the two aggregate measures and the overall index of power centralization.<sup>18</sup>

In the administrative area, the various state constitutions for local government differ on six important attributes that define the extent to which the chief executive officer is autonomous. The first of these is whether the leadership of the administration is assigned to the chief executive officer or to some collegial body. As shown in Table 3, most states allocate this role to the chief executive officer and this is coded with a 2 in the table. It is only in the two Magistrat systems, i.e., in Hesse and in Schleswig-Holstein, where the chief executive officer does not have sole leadership of the administration but rather shares this with a collegial body (scored 0).

If the chief executive officer is interfered with or somehow constrained in attempting to execute routine administrative business, then that officer is weakened vis-a-vis the city government bureaucracy. Across the various state-mandated municipal government constitutions, there is significant variation in the extent to which this is permitted to occur. From the perspective of the chief executive officer, the worst situation exists in the two systems that allows that officer to conduct only the routine business that the council is willing to delegate to that officer. In terms of our coding scheme, this takes on the lowest value of 0. A more moderate degree of interference exists in three systems where executing such business can occur autonomously under certain conditions (scored 1 in the table). In the remaining seven states the chief executive officer is provided with unconditional autonomy in executing routine business (scored 2 in the table).

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17 . For a similar effort at assessing the relative powers of presidents in national political systems, see Shugart and Carey (1992). I want to acknowledge the assistance of Holger Straßheim in developing the information and scales used here.

18 . The scoring for each of the 15 characteristics is generally based on a three point system. The weakest situation for a chief executive is scored as 0. An intermediate situation is coded as 1. The strongest situation for the executive is coded as 2. In terms of some characteristics, it was deemed appropriate to use only the two extreme scores and to drop the intermediate score. For each of the two aggregate measures, the sum of the scores across the attributes was calculated and then taken as a proportion of the maximum possible scores (in the administrative area the maximum is 12 and in the political area the maximum is 18). The joint index is the unweighted average of these two proportions. Note that the sources used in constructing the information needed for the various measures are listed at the bottom of the table.

**Table 3: Institutional Characteristics and the Centralization of Power in the Office of the Chief Executive**

	State:	BW	BA	HE	LS	NW	RP	SH	BR	MV	S	S-A	TH
Institutional Characteristic													
Administrative Autonomy of Chief Executive													
1 Leadership of Administration		2	2	0	2	2	2	0	2	2	2	2	2
2 Autonomy of Chief Executive, Routine Business		2	2	1	1	0	2	0	1	2	2	2	2
3 Role of Chief Executive in Personnel Decisions		2	1	0	1	1	1	1	1	2	1	2	1
4 "Intermediary Organ" or "Main Committee"		2	2	0	0	1	0	0	2	1	2	2	1
5 Chair of "Intermediary Organ"		2	2	1	0	2	1	1	2	2	2	2	2
6 Legal Authority of Council to Withdraw a Competence		1	2	0	1	0	1	0	1	0	1	1	2
Total Administration		11	11	2	5	6	7	2	9	9	10	11	10
		0.92	0.92	0.17	0.42	0.50	0.58	0.17	0.75	0.75	0.83	0.92	0.83
Political Position of Chief Executive													
7 Veto Power of Chief Executive		2	1	2	1	2	1	2	1	2	2	2	1
8 Chief Executive's Right to Make Urgent Decisions		2	2	2	1	1	1	2	1	2	2	2	2
9 Possibility to Recall of Chief Executive		2	2	1	0	0	1	0	1	0	1	1	1
10 Council Chair		2	2	0	0	0	2	0	0	0	2	2	2
11 Chair of Committees		2	1	0	0	1	2	0	0	1	1	1	1
12 Composition of "Intermediary Organ"		2	2	1	0	2	1	0	2	2	2	2	2
13 Flexibility in Mode of Electing Council Members		2	2	0	0	0	2	0	2	0	2	2	2
14 Mode of Electing Chief Executive		2	2	2	0	0	2	0	2	0	2	2	2
15 Timing of Electing Chief Executive		2	1	2	0	0	2	0	2	0	2	2	2
Total Political		18	15	10	2	6	14	4	11	7	16	16	15
		1.00	0.83	0.56	0.11	0.33	0.78	0.22	0.61	0.39	0.89	0.89	0.83
Joint Index (Adm. & Pol. Equal Weights)		0.96	0.88	0.36	0.26	0.42	0.68	0.19	0.68	0.57	0.86	0.90	0.83

Sources for information on constitutional structures:

Gerd Schmitt-Eichstaedt (1994) *Die Gemeindeordnungen in der Bundesrepublik Deutschland (Loseblatt-Ausgabe)*. Stuttgart: Kohlhammer.

Gemeindeordnung für Baden Württemberg i.d.F. vom 3. 10. 1983, geändert durch das Gesetz vom 8. 11. 1993.

Gemeindeordnung für den Freistaat Bayern in der Fassung der Bekanntmachung vom 11. 9. 1989.

Hessische Gemeindeordnung in der Fassung vom 1. 4. 1993.

Niedersächsische Gemeindeordnung in der Fassung vom 22. 6. 1982.

Gemeindeordnung für das Land Nordrhein-Westfalen i.d.F. der Bekanntmachung vom 14. 7. 1994.

Gemeindeordnung für das Land Rheinland-Pfalz i.d.F. der Bekanntmachung vom 31. 1. 1994.

Gemeindeordnung für Schleswig-Holstein in der Fassung vom 2. 4. 1990.

Kommunalverfassung des Landes Brandenburg vom 15. 10. 1993, zuletzt geändert durch Gesetz vom 30. 6. 1994.

Kommunalverfassung für das Land Mecklenburg-Vorpommern vom 18. 2. 1994.

Gemeindeordnung für den Freistaat Sachsen vom 21. 4. 1993.

Gemeindeordnung für das Land Sachsen-Anhalt vom 5. 10. 1990.

Thüringer Gemeinde- und Landkreisordnung vom 16. 8. 1993.

A third dimension important to the ability of a chief executive to control the city's administrative apparatus resides in the powers granted that officer in personnel and staffing decisions. Under all forms of local government the council is granted ultimate constitutional responsibility in such matters; however, the effective ability of the chief executive officer to steer these decisions varies considerably. In one state, Hesse, the weakest form of chief executive power exists in that the decisions in these matters are the prerogative of a collegial body, the Magistrat (this is coded as a 0 in Table 3). In eight state-mandated local government forms, such decision making power is delegated to the chief executive but this power can be withdrawn (coded 1). In the situation where the chief executive is the strongest, i.e., in the remaining three states, the council can only make decisions on personnel matters when these decisions accord with the wishes of the chief executive officer (scored 2).

A fourth critical aspect in this area is whether there is a constitutionally mandated intermediary institutional body or some component of the council that "stands between" the city council and the chief executive of the municipal government. Such an institutional element effectively reduces the ability of the chief executive officer to exercise autonomous control over the administrative apparatus. In the situation where this officer is most constrained, there exists either a Magistrat or a community board of directors (Gemeindevorstand), and one or the other of these institutions exists in four of the states. This situation has been coded with a 0. A relatively less powerful brake on the autonomy of the chief executive officer exists where there is a "main committee" (Hauptausschuß) in the city council. This organ has less intrusive powers vis-a-vis the chief executive's exercise of control over the administration and, therefore, is coded with a 1. This situation is found in three of the state charters for municipal government. In the remaining five states no intermediary institution or council committee with strong administrative powers is foreseen. Since this helps to preclude intrusion into the chief executive's exercise of control over the administration it is coded with a 2.

Even if there is an intermediary institution, i.e., either a Magistrat or a community board of directors (Gemeindevorstand), there still exists the possibility that the chief executive might dampen its influence if that officer chaired it. In only one of the systems with such an institution is this not the case (Schleswig-Holstein), and this is given the lowest score (0) on this dimension. In the other three systems with this institutional element, the chief executive officer does hold the chair and this situation is coded as 1. Those systems without an intermediary institution have been coded with a 2 on this, the fifth dimension used to assess the administrative autonomy of the chief executive officer.

The sixth and final component where the administrative autonomy of the chief executive officer differs in important ways across the various state charters for local governments is in the legal capacity of the legislative branch to withdraw a competence from that officer. The ability to do so weakens the officer. In four of the state charters the council has unrestricted authority to withdraw competences and this is coded with a 0. A less debilitating situation for the chief executive officer is when this authority in this matter on the side of the council is restricted to

certain areas, and this is coded with a 1 for the six states where it exists. In the two remaining states this authority is not available to the council and since this provides the executive with the greatest power in this situation it is coded with a 2.

In terms of the political position of the chief executive officer vis-a-vis the legislative branch, there are nine important aspects of the different state-mandated local government forms where notable variation exists across systems. The first of these relates to the veto power of the chief executive. Politically, the officer would be extraordinarily weak if such a power were not available (score would equal 0); however, none of the charters for local government exclude this power in some form or another. All systems provide veto power to some degree with the weaker variant extant in five of the states; here the executive has the power to veto actions/decisions by the council that are contrary to the law (coded 1). In the situation where the chief executive is strongest on this dimension, i.e., where the officer can veto such actions/decisions of the council that are not only contrary to the law but also contrary to the "well-being of the community," this broader veto power characteristic, available in seven of the states, is coded with a 2.

A second important aspect of the political position of the chief executive relative to the council is the ability of the former to make urgent decisions when the council is not in session (which it rarely is). The weakest position for such an officer would be where that right was not available (score equals 0). There are, however, no systems where this power is completely absent. An intermediate form (score equals 1) is common to four state charters for local government; here the chief executive can make such decisions if certain other specified office holders are in agreement with the decision. In the majority of the systems, i.e., in eight of them, the right of the chief executive to make such decisions is unrestricted (code equals 2).

If the chief executive is subject to recall this greatly weakens the officer's political position in general and in particular with respect to the council. Significant variation exists with regard to this dimension across the systems. The chief executive is weakest when the council has the prerogative to remove the officer from office. This right is available in four of the systems and is coded 0. A less weaker position for the chief executive is one where recall is available but can occur only through a vote by the citizens (score equals 1). Six state charters for local government provide for this kind of recall opportunity. In only two states is the possibility of recall not available and this situation puts the chief executive in more powerful position (score equals 2).

The direction of the city council's activities in ways such as setting its agenda and chairing its meetings can provide a chief executive officer with significant powers over the direction and content of policy that emerges from the decisions of the council. In half of the systems this power is completely denied the chief executive and the council chair is elected by the council from among its members (coded as 0). In the remaining six states this extensive power is constitutionally bestowed upon the chief executive (score equals 2).

Further capacity to affect the outcomes of policy making by the council is significantly enhanced by granting to the executive the chair of council committees where legislation is fundamentally determined. In four of the systems the chief executive is denied the chair of all legislative committees (coded 0). In an intermediate status is the situation that exists within six states where it is *possible* for the chief executive to chair committees (or to chair only certain committees). This situation is coded as 1. The chief executive is strongest on this dimension when the officer is the ex-officio chair of all legislative committees (coded as 2).

Two aspects of city government structures relating to the role of intermediary institutions were employed in assessing the autonomy of the chief executive in administrative matters. There is a third aspect of this institutional element which bears importance in terms of the political position of the chief executive in relation to the council. This deals with the composition or make-up of this institution. In the situation where the chief executive is weakest (score equals 0), the composition is mixed with some member of the council included in this mix. Such a configuration is present in two of the systems. A less debilitating situation for the chief executive officer is when council members are excluded from holding membership in the body (score equals 1). Again, this is found in two systems. The most favorable political situation for the executive is to be found where no such intermediary organ exists (score equals 2). This is found in the other eight systems.

The last three aspects of city government constitutions that help define the political relations of the chief executive officer to the council deal with electoral considerations. The first of these refers mainly to the flexibility involved in the mode of electing members to the council. Two general cases exist. In one, council electoral systems are based on voting by strict party list (or, alternatively, the chief executive is elected by the council). Here the chief executive officer is relative weak vis-a-vis the council. Dependence is very clear in the case of indirect election. Weakness in the case of a party list voting mechanism is heightened by such a system's tendency to result in lower fractionalization within the council as well as stronger discipline within the party caucuses of the council. This general situation is coded as 0 and holds in five states. The more favorable situation for the chief executive, found in the remaining seven states, is where the council election rules allow a voter to give more than one of his/her votes to a single candidate (Kumulierung) or permits the voter to give her/his votes to candidates to candidates from different party lists (Panaschierung). Such electoral rules promote fractionalization within the council (and lowers party caucus discipline as well) and thereby enhances the relative political power of the chief executive officer.

The second and related electoral system component is the mode by which the chief executive is elected to office. Dependence on the legislature, hence a weakened position, is greatest when the officer is not elected by the voters (with the legitimacy and alternative political power base that this involves) but rather by the council itself. Found in four systems, this situation is coded with a 0. Direct election by the voters is a feature found in the other eight systems. It enhances the political position of the chief executive officer relative to the council and this is coded with a 2.

Finally, the timing of the election of the chief executive (when directly elected by the voters) needs to be considered when assessing the political powers of this office. Ignoring those chief executives elected by councils (score equals 0), those officers elected at the same time as the council (which occurs only in one of the systems) will have greater problems with their councils (score equals 1) than will officers elected at times different from the councils (score equals 2).

Figure 2 allows one to contrast the differences that exist among all of these systems as well as the heterogeneous character of the traditional classification scheme. The placement of each system with respect to the political position of the chief executive vis-a-vis the council and the administrative autonomy of the chief executive are shown on the horizontal and vertical scales, respectively. Three features of this graph stand out. First, there is significant variation within the traditional categories at least along the horizontal (i.e., political dimension). Second, the fairly widespread view of the South German Council constitutional form as the one providing the maximum political and administrative power to the chief executive largely is born out here; still, there are notable differences among the systems employing this form and this can be seen especially among the new federal states. Third, while the North German Council constitutional form seems to provide the chief executive officer with the weakest political position (and even this is not uniformly so -- compare North Rhine-Westphalia with Schleswig-Holstein and its Magistrat form), administrative autonomy is clearly greater for the chief executive officer in this type of system than it is in the Magistrat form.

Furthermore, it is interesting to note that even though one would have to conclude that based on the characteristics traditionally held to be important in distinguishing the South German Council form from the Strong Mayor form, no differences can be said to continue to exist between the Baden-Württemberg and Bavaria on the one hand, and the Rhineland-Palatinate on the other. The latter has recently instituted direct elections of the mayor -- the only difference that held across the four characteristics that mark the traditional scheme presented in Table 1. And yet, based on the more refined scheme being proposed here, major differences in terms of both the administrative autonomy of the chief executive as well as this officer's political power vis-a-vis the council, still prevail.

Figure 2

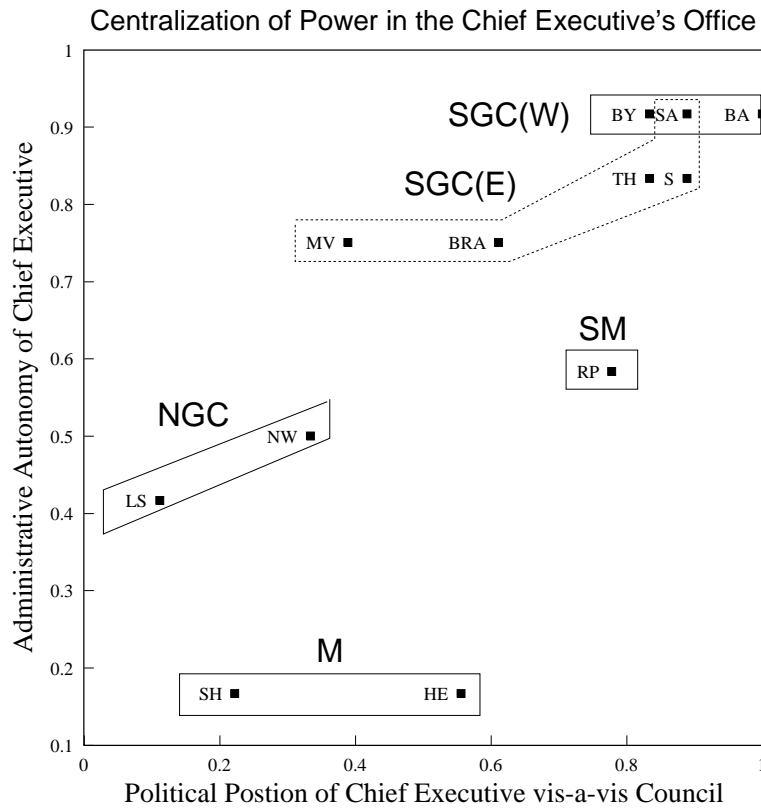
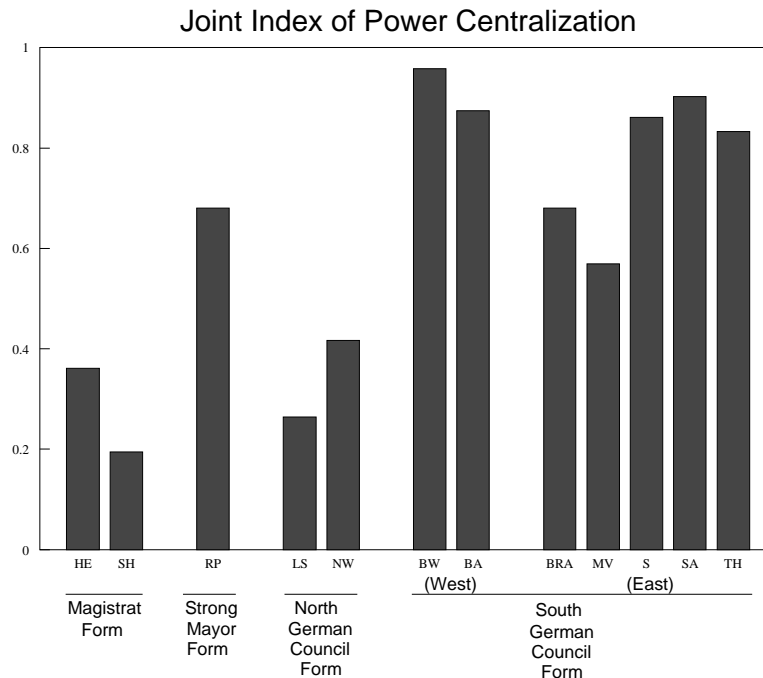


Figure 3 provides a graphic portrayal of the joint index power centralization. Each state's system is grouped together with the other state systems to which they are traditionally joined in the four-fold scheme. Again, while one notes significant variation between the groupings, a large amount of variance is contained within the groupings for which there is more than one example. On average, the South German Council group has the highest score, but there is large variation between the old federal states on the one hand and the new federal states on the other. In addition, significant variation exists within the grouping of the new federal states. Further, one can see that with this index the Rhineland-Palatinate system centralizes power in the chief executive officer to as great or greater extent than two of the new federal state systems (Brandenburg and Mecklenburg-Vorpommern).

Figure 3



## Analysis

### *Description of Study*

To examine the merits of the culturalist and institutionalist arguments I make use of data drawn from a study of German local government. As mentioned earlier (and described in more detail in the appendix to this paper), the initial part of this study involved a survey of local government leaders in 40 cities in West Germany and 37 cities in East Germany. Since this survey was being conducted in conjunction with the International Project on Democracy and Local Governance, the principal focus was primarily on the democratic values of local government elites. In addition I was able to include a limited set of questions dealing with facets of social capital and local elite political culture.

With results from this survey I was in a position to construct a sub-sample of municipalities where I could carry out our limited survey of citizens. It was possible to conduct the survey in 15 cities in each region (a total of 30 altogether). Selection of the cities was based on variation on two dimensions, (1) levels of trust amongst elites as reported in the initial survey and (2) location. The former dimension allowed us to vary the selection so as to include municipalities with putatively different levels of social capital while the latter permitted us to include municipalities with different local government institutional forms.

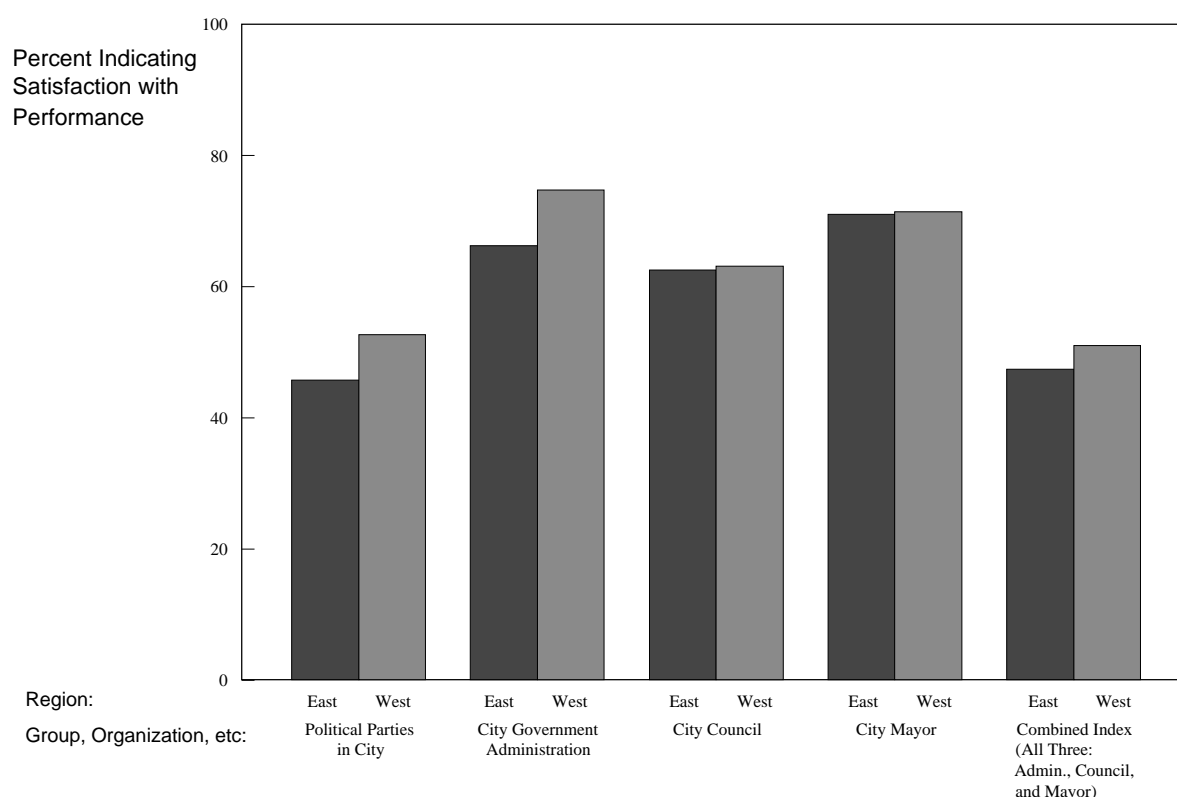
The survey of citizens in each of these 30 cities was then carried out. Based on telephone interviews, the survey focused primarily on citizens' evaluation of local governmental institutions, facets of social capital, and political values.

### *Citizens' Satisfaction with the Performance of Local Government Institutions*

In our survey of citizens they were asked how satisfied they were with the performance of a number of actors and organizations within their local governmental and political systems. Questions about the performance of the local political parties, the city bureaucracy, the city council and the city executive were posed. The results are summarized on a regional basis in Figure 4.

Figure 4

### Citizens' Satisfaction with Local Politics and Government



The performance of the political parties inside the communities received the worst overall ratings from the citizens there of all of the actors and organizations operating in these towns and communities. Only 46 percent of the citizens in the East rated their performance as satisfactory. In the West, the parties did a bit better with 52.6 percent rating their performance as satisfactory. Again, there is significant variation on this dimension across the different communities. The lowest level in the East is 27.3 percent while the highest is 64.1 percent. The range in the West is from 35 percent to nearly 75 percent.

In both regions citizens generally rate the performance of their town/city bureaucracies very favorably. Ranging from 48.1 percent to 83.3 percent across the 15 communities in the East, the average level is slightly above 66 percent. In every community in the West the town/city bureaucracy receives a favorable rating from a majority of the citizens. Thus, the lowest approval

rating is 56.4 percent and the highest is 88.3 percent. The average across the region is nearly 75 percent. It should be noted that none of the other organs of local government receive as high an overall approval rating as this in the region.

The average levels of satisfaction with the performance of the town/city council are quite high in both East and West. The lowest level in the East is about 46 percent, while the highest is 82.4 percent, and the average is 62.5 percent. In the West the values range from a low of 36.2 percent to a high of 84.5 percent with the average being 63.1 percent.

The town/city executives in both regions generally receive high approval ratings for their performance. The regional average in both East and West is 71 percent. The range in the East extends from approximately 50 percent to 89 percent; the comparable figures in the West are 45 percent and 86 percent.

In Figure 4 I have also presented regional averages for an index which shows the approval ratings for the entire town/city government. By this index, approval for the performance of the entire local government is taken to be approval for the performance of all three local governmental organizations and actors, i.e., the bureaucracy, the council, and the executive. The average level in the East for this measure of approval of the overall performance of local government is approximately 47 percent with a low of 27 and a high of 75 percent. In the West, the average is slightly higher, 51 percent, and the community values range from a low of 26 percent to a high of 75 percent.

#### *Citizen Satisfaction with the Performance of Local Government: The Roles of Social Capital and Political Institutions*

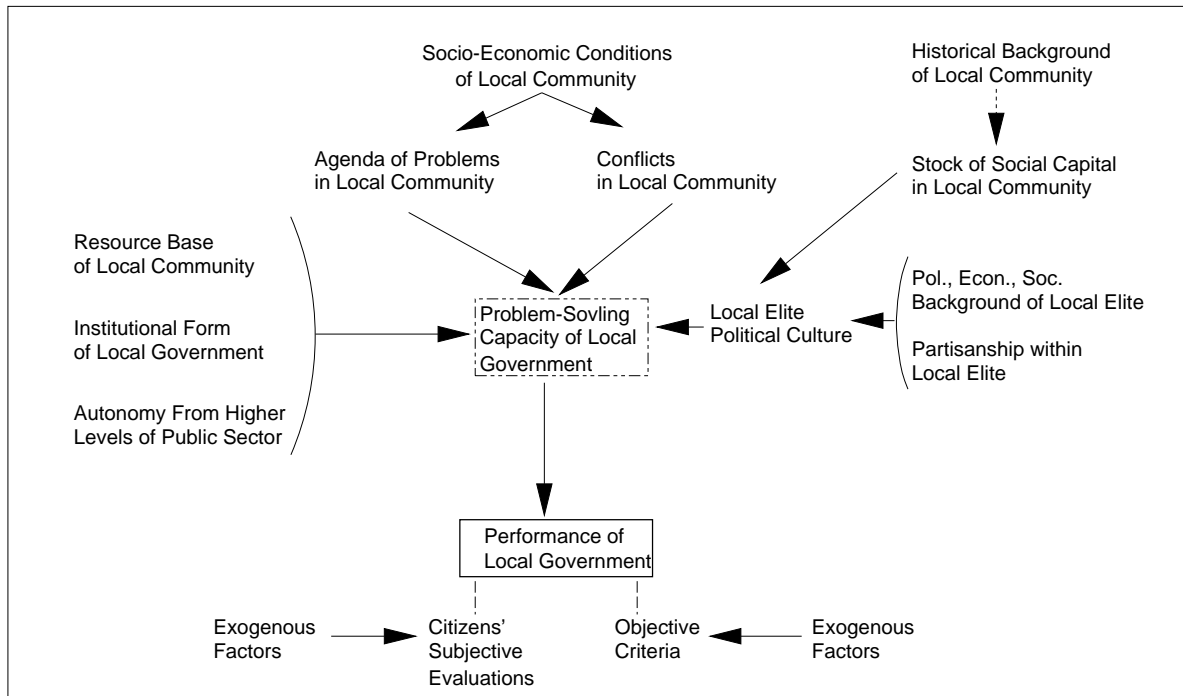
What accounts for the significant variation across the communities in the levels of satisfaction found amongst the citizenry within these communities?

In the research project from which this report stems, my plan is to address this question as well as the related problem of governmental performance as measured by objective indicators. Without going into any details, the central links envisioned are described in Figure 5.

The efforts here are more modest than those visualized in Figure 5. Concentrating solely on citizens' evaluations of their local governments' performance (and using the joint index described above), here I employ a relatively parsimonious model that (a) seeks to control for some obvious factors would influence performance, and (b) attempts to evaluate the social capital and institutional hypotheses. Three control variables have been introduced into the model meant to capture the cross-sectional variation in the levels of citizens' satisfaction with their local government's performance.

Figure 5

### A Framework For Analyzing Local Government Performance (The Democracy and Local Governance Project in Germany)



The first of the control variables is simply the size of the community. In other national settings it has been demonstrated that the size of the community plays a key role in democratic performance. While there may be increasing scales of return in terms of the quality and efficiency of government service delivery, there are also grounds to believe that size itself will undermine the democratic workings of the local political system and may make it difficult for the local government authorities to provide the performance that satisfies citizens within the communities (see, e.g., Dahl and Tufte, 1973; Mouritzen, 1989; and Nielsen, 1981).

The second term included simply distinguishes between the communities in the East and those in the West. There are some grounds to believe that the experience of the citizens in the East with the workings of political system in the Federal Republic has been disappointing, at least relative to the expectations they had at the time of Unification and that lower satisfaction levels might also be apparent with respect to their local political systems. It is clear that a great deal of dissatisfaction exists within East Germany after five years of unification. Politically, there is a fair amount of sentiment that the choice to accept unification (in the form on offer) was a mistake. Dissatisfaction is widespread with regard to German democracy and there is a lot of sentiment that there must be a better form of government than that which exists. In a number of critical ways they see themselves as second class citizens. Expectations about what

unification would bring have been dashed and there is a lot of sentiment to the effect that insufficient efforts have been made by the federal government and the West in general in improving living conditions in the East.<sup>19</sup>

The third control factor introduced into the model is meant to capture the effects of conflict within the community. Our inclusion of the conflict term is warranted to the extent that the elites' reports on this matter, if accurate, would reflect difficulties in formulating and executing policy at the local government level and thereby undermine the satisfaction felt by the citizens within the community (see, e.g., Eldersveld, et al, 1995).

The other two terms included in the model are meant to capture to effects of social capital and institutional differences. Following the lead of Putnam (1993) and his discussion of the contribution that social capital makes to successful democratic performance, I have introduced a term that attempts to measure the degree of trust to be found among the elites within each community. The basic expectation here is that trust facilitates cooperation and that cooperation, particularly within the political elite, smooths the way for effective policy making. The latter should result in good public policy which, in a democratic system, enhances the level of satisfaction citizens have with respect to their government's performance.

One of the central findings in recent work on political economy is the importance of coherence of the political system for effective policy making (see, e.g., Roubini and Sachs, 1989; Alesina and Rosenthal, 1995). The term coherence is meant to capture the degree to which power within the governmental system is concentrated and not dispersed across a range of potentially conflicting institutions and actors. In the present context I employ the index of power centralization developed earlier in this paper. The expectation here is that the greater the degree

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19 . In the 1995 IPOS survey, 67 percent of West Germans reported that they were satisfied with German democracy and 33 percent claimed to be dissatisfied. Simultaneously, only 53 percent of East Germans reported satisfaction with German democracy while 47 percent stated that they were dissatisfied. A year earlier (1994), while 76 percent of West Germans agreed that German democracy was the best form of government and only 9 percent thought there was a better form, the situation was very different in the East. There only 31 percent agreed on the value of West German democracy while 28 percent disagreed and 41 percent were undecided (Noelle-Neumann, 1994).

In the spring of 1995, nearly 28 percent of the East Germans surveyed believed that the 1990 decision to introduce democracy based on the Western model was a mistake (IPOS, April-May 1995). Indeed, the view of a large majority of East Germans seems to be that they live under a colonial regime run by West Germans. Thus, Bauer-Kasse and Kasse (1996) report that in 1994 63 percent of East Germans agreed with the statement "[t]he West Germans have conquered the former GDR in a colonial style."

In December of 1995 only 22 percent of East Germans thought that the unification process had gone better than they had expected while 37 percent thought it had gone worse than expected (Politbarometer, December, 1995). In the fall of 1995, 56 percent of the East Germans believed that the federal government had not done enough to bring about parity in living standards (Politbarometer, October, 1995). In the same survey, 65 percent of the East Germans reported that they were dissatisfied with the overall effort to bring Eastern living standards up to the levels prevailing in the West.

of centralization within the hands of the executive, the more efficient and effective is the policy making and, in turn, the greater the level of satisfaction the citizens will express for their local government's performance.

The complete model that will be estimated using data from the thirty municipalities included in this study takes the following form:

$$CitSat_i = \alpha + \beta_1 Size_i + \beta_2 East_i + \beta_3 CommConf_i + \beta_4 EliteTrust_i + \beta_5 Cntrlz_i + e_i$$

where:

*CitSat* is the percentage of citizens within the community expressing satisfaction with the local government's performance (this is the overall index of satisfaction described above);

*Size* is the population of the community (expressed in thousands);

*East* is a dummy variable taking on a value of 1 if the community is located in the New Federal States; it takes on a value of 0 if the community is in one of the Old Federal States;

*CommConf* is a measure of the scope of conflict in the community. It is operationalized here as the percentage of the elite respondents reporting that conflicts exist within the community that hinder problem solving;

*EliteTrust* is a measure of the social capital amongst the elites within the local government system. Here it is the percentage of elites indicating that they have trust in other people;

*Cntrlz* is a measure of the centralization of power (vis a vis the town council and the town government administration) in the hands of the local government executive. It ranges from 0 to 1.0 and weights equally the relative strength of the executive in both areas. Higher values are indicative of greater centralization of power.

Note that four different estimation results are reported here. The first simply examines the effects of the three control variables used within the model and excludes both the social capital and institutional terms. The second and third introduce, respectively, the social capital and then the institutional terms. The fourth estimation result deals with the complete model where the control variables and both the social capital and institutional measures are simultaneously incorporated. The estimation results for the cross-sectional analyses for the 30 communities are presented in Table 4.

Column I provides results with just the control variables entered into the equation. In general, together they do a reasonably good job in accounting for the variance ( $\bar{R}^2 = .35$ ) in citizen satisfaction with local government performance. As expected, the coefficient on the size term is negative (and statistically significant at the .05 level), implying that the larger the

community the lower the level of satisfaction citizens will hold with respect to their local government. The regional term's parameter is also negative, as expected, but is not quite statistically significant. The coefficient for the conflict term takes on the expected negative sign and is statistically significant. The estimated parameter implies that communities where conflicts hinder problem solving to a significant extent (at least as reported by local elites) will have lower levels of citizen satisfaction with the local government than municipalities where such conflicts are scarce.

Columns II reports the results where the social capital term is entered into the equation with the control variables, and column III provides a similar report where the institutional term is introduced. In both cases, the fit of the model is appreciably higher, and, indeed, the variance explained is approximately the same. All of the control variables retain the directional effects found in the initial estimation. In both estimations, as well, the variable of interest, social capital in column II and the institutional measure in column III, have parameters that take on the predicted sign and are statistically significant.

The results for the full specification of the model are reported in the fourth column. The overall fit of the equation to the data is quite good, with an  $\bar{R}^2$  of .52. Note as well that three control variables take on the expected signs and are statistically significant at the .05 level. Thus, larger size municipalities have governments that achieve lower performance levels. The regional term's parameter implies that on average, and other things being equal, communities within the New Federal States have citizen satisfaction levels 9 percent lower than those to be found in communities in the Old Federal States. And once again, communities with high levels of conflict that hinder problem solving as reported by the elites also achieve lower levels of performance in the estimation of their citizens.

Importantly, both the social capital term and the institutional term continue to demonstrate statistical and substantive importance. Thus, the parameter for the trust term, meant to capture the effects of social capital on government performance, takes on the correct sign and is significant at the .05 level. This finding accords with those of Putnam who has demonstrated that regions where the culture is marked by trust have more effective governments that produce satisfaction on the part of their citizens. The coefficient on the executive power centralization term is positive and significant at the .05 level. This is in accordance with the institutionalist argument that concentrated power leads to more effective governmental decision making which is reflected in their performance as evaluated by their citizens.

Table 4: The Determinants of Citizen Satisfaction  
with Local Government Performance:  
Regression Results

(Dependent Variable: Percent Satisfied with Performance  
of all Three Local Government Institutions)

Model:	I.	II.	III.	IV.
	Neither Social Capital nor Institutional Structure	Social Capital Alone	Institutional Structure Alone	Social Capital and Institutional Structure Together
Variable:				
Population Size of City (in thousands)	-.189* (2.94)	-.196 (-3.35)	-.126 (-1.97)	-.145 (-2.39)
East Germany (0=West; 1=East)	-7.80 (-1.56)	-8.17 (-1.79)	-9.36 (-2.02)	-9.33 (-2.15)
Conflicts within Community (percent of elite reporting)	-.325 (2.25)	-.409 (-3.02)	-.296 (-2.23)	-.369 (-2.86)
Trust Amongst Elites (percent within local elite)	---	.390 (2.55)	---	.314 (2.11)
Institutional Centralization of Power (Index range: 0.0 - 1.0)	---	---	25.99 (2.46)	20.53 (2.01)
Constant	84.86 (8.41)	73.23 (7.15)	61.94 (4.72)	57.39 (4.60)
$\bar{R}^2$	.35	.46	.45	.52
n	30	30	30	30

\* -- entries are regression coefficients with t-statistics in parentheses.

Taken together these results support Putnam's (1983) thesis that endogenous and exogenous theories of institutional success are complementary. In other words, both the internal characteristics of an institution as well as its environment matter; and they matter independently of each other.<sup>20</sup> The evidence suggests that the appropriate institutional design need not fail in the context of low stocks of social capital. In the German case this is particularly important. Note that, other things being equal, the estimation results suggest that satisfaction levels should be 9 percent lower in Eastern communities relative to those that would hold in the West. Given that many of the states in the East have adopted local government forms with more highly concentrated executive power than those most frequently found in the West, the estimation results on the parameter for the institutional term suggest that a lot of this deficit has been diminished if not eliminated through institutional engineering.

*Satisfaction with Performance of  
Local Government Institutions and the  
Promotion of Trust on the Part of the Citizenry*

One, but clearly not the only measure of the performance of a democratic system is the degree to which it satisfies the needs and desires of the citizenry. As was seen immediately above, there is significant variation across the communities in both East and West in the performance of these local democratic systems as evaluated by the citizens in residence. I have also been able to show that a fair proportion of the variation here can be accounted for by elements of the political system that measure the prevailing political culture and institutional patterns within the local governments of these communities.

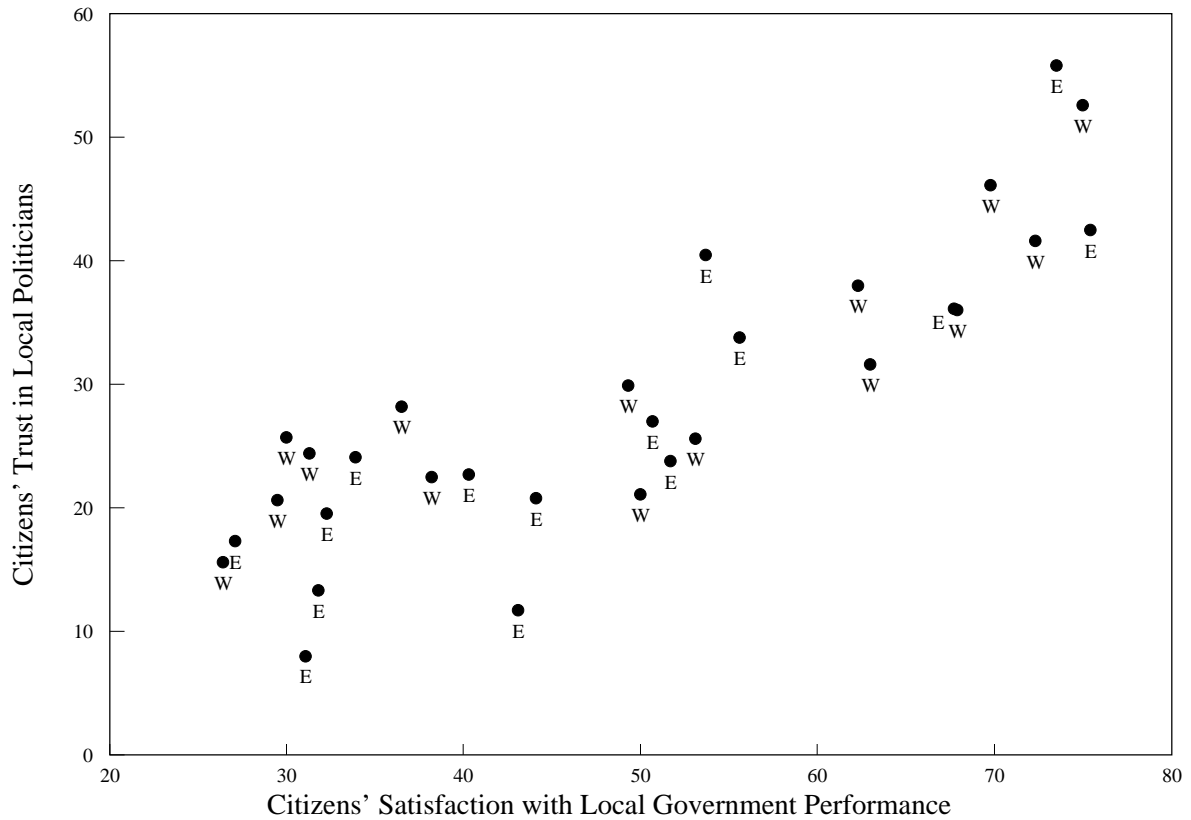
But elites, who have some opportunity to influence both of these things, need not necessarily be motivated by a strong commitment to democratic principles to see that it is in their interest to improve local government performance, and thereby citizen satisfaction. Ultimately satisfaction, or the lack thereof, with the performance of the system will influence citizens' orientations toward their political elites. This can be seen, for example, in Figure 6 where I have charted the relationship between the level of citizen satisfaction with the performance of the community's government, on the horizontal scale, and the degree of trust citizens have for their local politicians, on the vertical scale. While trust in local politicians is certainly not universal, it is clear from this graph that when the local government is able to achieve a satisfactory rating by a majority of its citizens, then trust in the elites filling the positions within local government will be at an appreciably higher level than in those communities where only a minority of the citizens are satisfied.

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20 Note that a fifth equation was estimated where an multiplicative term (combining the social capital and institutional variables) was introduced to evaluate the hypothesis that the effects of social capital and institutions are not independent but interactive. The result of this estimation, not reported here, are such as to strongly reject the thesis of interdependence.

Figure 6

## Citizens' Satisfaction With Local Government and Citizens' Trust in Local Politicians



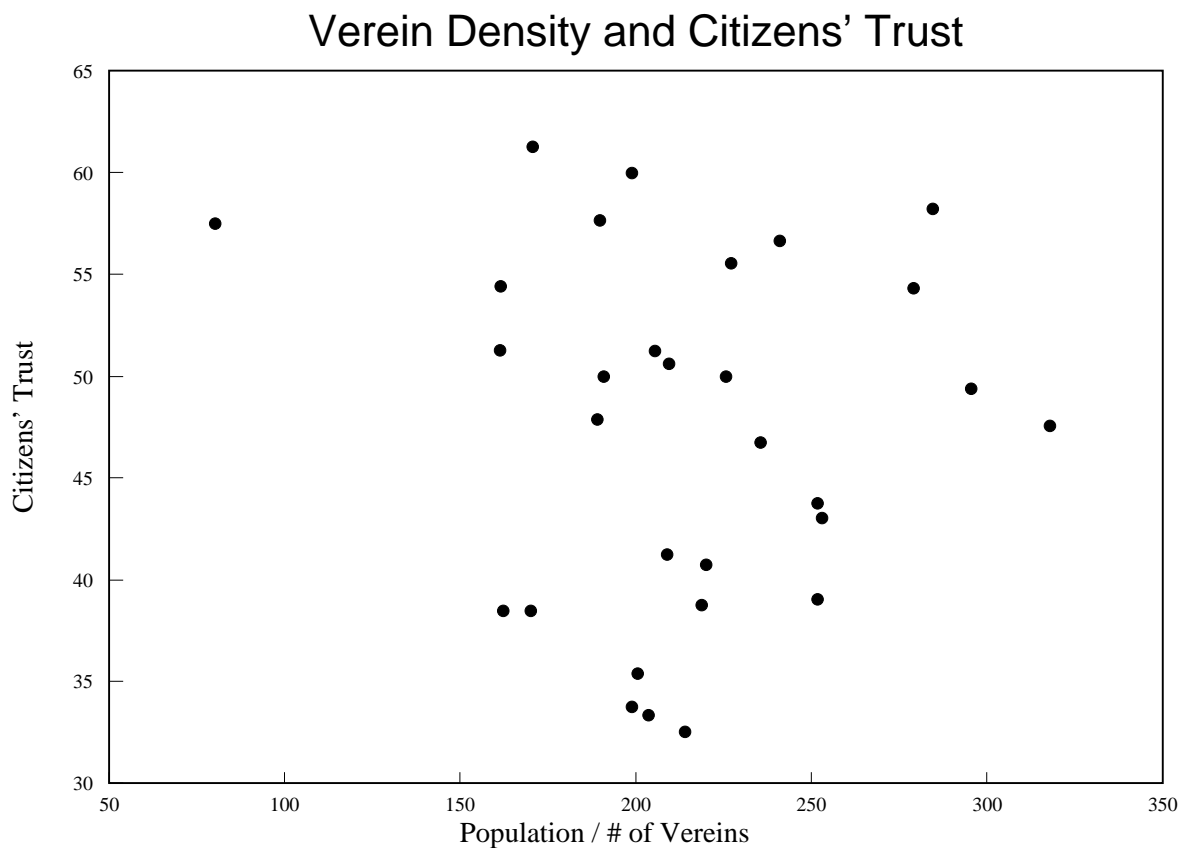
### *Some Caveats with Respect to Social Capital*

In laying out Putnam's argument with respect to social capital in the second section of this paper I pointed out that there are five critical points, most of which have the status of unexamined hypotheses regarding how social capital is produced and the mechanisms by which social capital should influence phenomena such as governmental performance. Points 1 and 2 deal with the mutual influence of the components of social capital and how these foster cooperation. On the basis of data collected in the elite and citizen surveys it possible to examine these two points and a couple of others (i.e., the point (3) that there should generally be two distinct equilibria: communities with high social capital and those with low; and the point (4) that mass and elite culture within a community should have similar levels of social capital).

I deal here first with the interdependence of the components of social capital and their capacity to generate cooperation. To date I have made a preliminary examination of the data with a number of pertinent questions in mind. These include the following. Is a strong associational life conducive to the production of trust and social capital at the individual and community levels? Is a trusting person one who also has a generalized norm of reciprocity? Is a trusting person cooperative in her/his problem-solving style? Is engagement really associated with the many traits of the civic community?

Figure 7 provides some information on the density of associational life within the 30 German communities and the levels of trust expressed by the citizenry in these towns. Using a indicator similar to that employed by Putnam, namely the ratio of population to the number of associations (vereins) in the area, one would expect to see a pattern where the points plotted in the figure should suggest a negative relationship.<sup>21</sup> However, that is not the case. If anything, the graph strongly suggests that there is no relationship between associational density within a community and the level of trust that the citizenry have.

Figure 7




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21 . Note the data on associational density were collected from the registers maintained by the local Administrative Courts.

Table 5 provides information drawn from the elite survey. Therein questions were asked about the respondents' trust, problem-solving styles, the degree to which the norm of reciprocity was followed and associational membership. The expectation of course is that all of these would be positively associated. The results presented in the table are not very supportive of this general expectation. Associational membership does not appear to promote cooperation or the norm of reciprocity. There is a modest association with trust. Cooperative problem solving styles are modestly correlated with trust and the norm of reciprocity. Trust and the latter norm are only slightly correlated.

Table 6 provides information drawn from the survey of citizens within 30 communities. It examines the degree to which people are socially active (whether in associations or informal groupings) as well as politically interested (in the politics of their local community) and how this manifests itself in other traits of the civic community. The results are at best mixed. Engaged people are more politically active, but only marginally more trusting (in general and in politicians in particular). There is no sign that such engagement is correlated with satisfaction in the performance of their local governments.

The Putnam thesis strongly argues that there are two, and only two equilibria. One, is to be seen in communities marked by high levels of trust, norms of reciprocity, dense associational life, and extensive cooperation; the second is characterized by the widespread absence of these. In other words, if one were to examine a large set of communities within a country there would be one of three patterns: (1) as in the case of Italy, a bimodal situation with one mode characterized by high levels of social capital, and the other low levels. Or one would find in situation (2) and (3) either uniformly high levels of social capital or uniformly low levels of social capital. There should not be a pattern where high and low as well as mixed levels exist. The "virtuous" and "vicious" circle dynamics should push a local culture in one or the other direction. How do German communities stack up? Figures 8a and 8b provide profiles for East and West German local elites in terms of the amount of trust they display. The pattern is not at all supportive of the dual equilibria thesis.

Table 5  
Elites: Mutually Reinforcing Components of Social Capital?

1.

		Problem Solving Style		
		Conflictual	Context Specific	Cooperative
Membership in Verein	Not Member	24	61	15
	Member	19	70	11

2.

		General Trust		
		No Trust	Mixed	Trust
Membership in Verein	Not Member	43	19	38
	Member	38	16	46

3

		Norm of Reciprocity			
		Never	Sometimes	Most Times	Always
Membership in Verein	Not Member	32	34	26	7
	Member	26	39	28	6

4

		General Trust		
		No Trust	Mixed	Trust
Problem Solving Style	Conflictual	43	14	43
	Context Specific	37	18	45
	Cooperative	40	8	52

5

		Norm of Reciprocity			
		Never	Sometimes	Most Times	Always
Problem Solving Style	Conflictual	34	38	22	6
	Context Specific	25	40	28	6
	Cooperative	21	34	35	10

6

		Norm of Reciprocity			
		Never	Sometimes	Most Times	Always
General Trust	No Trust	27	41	26	5
	Mixed	29	46	22	3
	Trust	25	35	32	8

Table 6  
Social and Political Engagement\* and Other Traits of the Civic Community  
(Based on Survey of Citizens in 30 Cities)

	West		East	
	Not Engaged	Engaged	Not Engaged	Engaged
Voted in both Federal and Local Elections	56	75	64	81
Voted in Federal Election	65	80	71	84
Voted in Local Election	62	78	67	83
General Trust	45	55	38	47
Trust Local Politicians	24	33	17	30
Satisfaction with Local Government Performance (joint index)	54	50	47	48
<i>Percent of Sample</i>	<i>40</i>	<i>60</i>	<i>36</i>	<i>64</i>

\* -- Defined as

1. Socially engaged (interacts with others regularly in free time outside of familial setting) and has an interest in local politics;
2. "Associationally" engaged (member and/or active in one or more social organization) and has an interest in local politics;
3. both 1 and 2.

Figure 8a

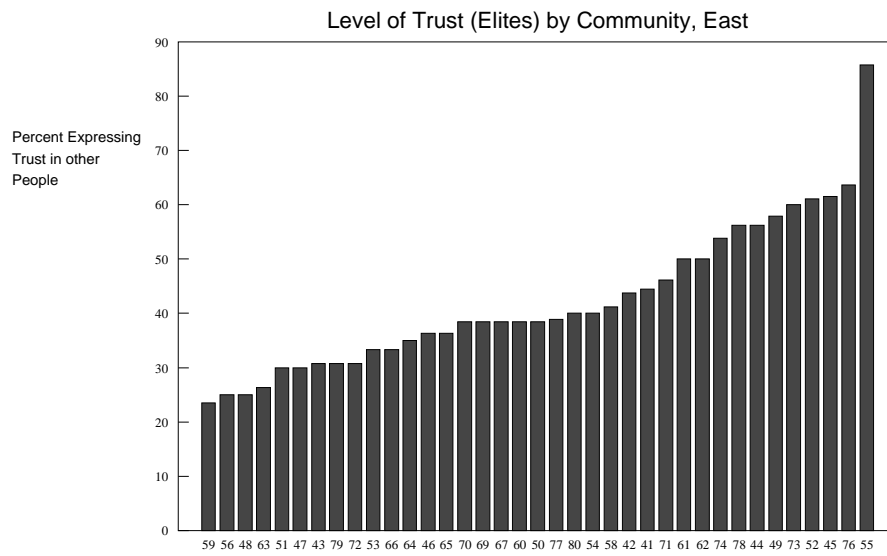
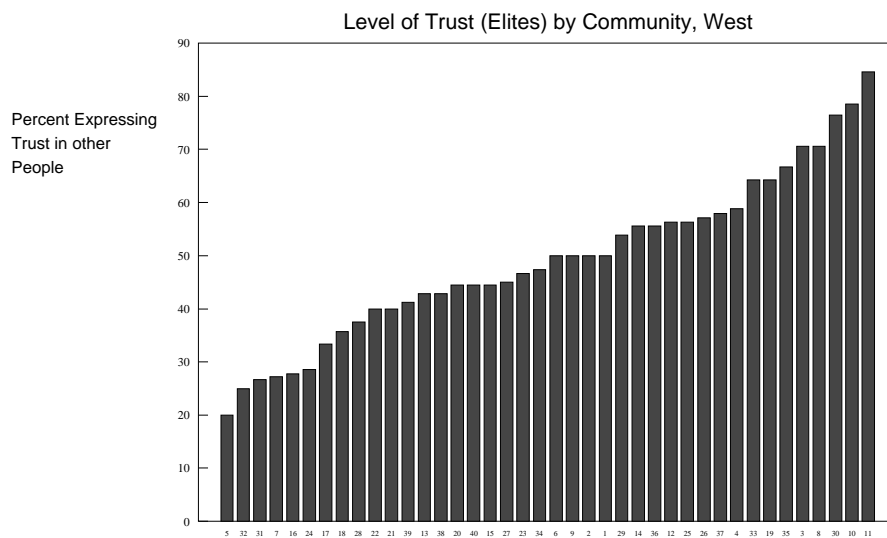
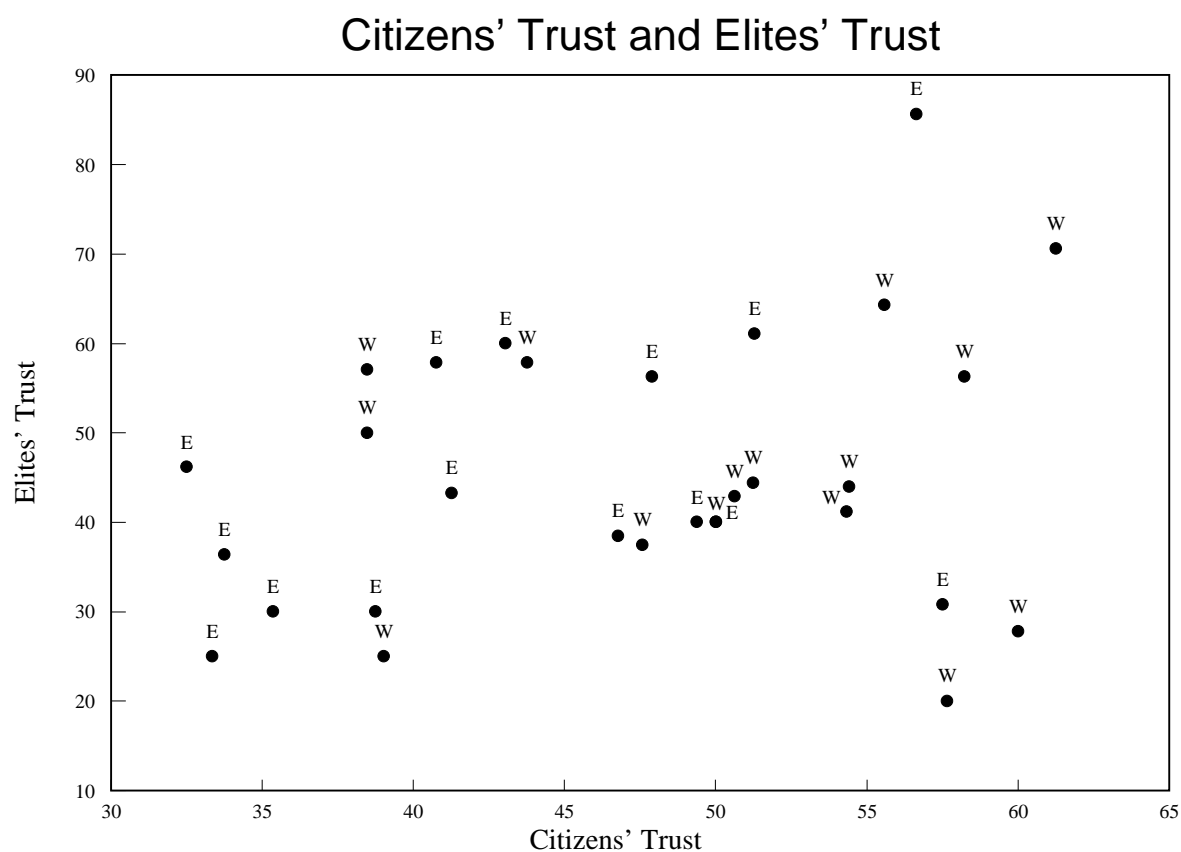


Figure 8b



Let me turn finally to the assumption that mass and elite stocks of social capital are homogeneous within a community. The question here is whether there is concordance within the communities: e.g., when citizens are trusting, are elites trusting? The evidence in Figure 9, matching levels of trust among the elites with trust among the citizenry, contradicts both the general cultural position as well as Putnam's contention that there are "important parallels between mass and elite political culture" and that "[D]ifferences in civic culture are also manifest in elite political culture", and, finally, that "the impact of mass political culture on institutional performance appears to be mediated by a pattern of elite-mass linkage and elite political culture." (1983: p.66).

Figure 9



All in all these preliminary results with respect to the bases for Putnam's argument are not encouraging. While it has been shown that one of the components of social capital, trust among the elites, is strongly associated with democratic performance, significant aspects of the argument that would lead one to expect this to be the case do not find a great deal of support in the data that I have been able to assemble here. This is obviously an area of research that needs to be more systematically explored.

## Conclusion

In a period when many countries are struggling with the problem of forging effective democratic institutions, Robert Putnam has drawn our attention to an important but often overlooked obstacle, i.e., the societal context within which these institutions need to function. If there is a precept that can be drawn from his work it is that institutions work best when enmeshed in a culture of cooperation. The design of his Italian study is such as to eliminate any variation in institutional structures among the objects being compared and thus to highlight the impact of his variable of central concern, social capital. While such a design cannot of itself be faulted, the conclusions one can draw from such a study necessarily are limited. Such a design does not answer the question of what impact institutional differences have in isolation or in conjunction with variation in such things as social capital. The more pessimistic interpretation one might give to Putnam's findings is that it is futile to engage in institutional engineering if the community's culture is one marked by low social capital. Given the results reported here, such a conclusion does not seem warranted.

In the research reported here on German local governments I have been able to show that institutional differences matter to democratic performance regardless of the stock of social capital within a community. The institutional structures of German local governments vary in numerous of ways. Stipulated by constitutions provided them by their state parliaments, there is marked variation in the extent to which power is centralized within local governments. The thesis presented here argues that power diffusion within governmental institutions can block or hinder effective public policy and thereby undermine the democratic performance of a local government. Empirical analysis supports this position. Where administrative authority and legislative control is concentrated in the hands of a directly elected chief executive, performance as (reflected in citizen's satisfaction with the performance of their local government institutions) is significantly higher than where power is diffused and the chief executive is administratively weak and dominated by legislative actors.

The results with respect to social capital that have been reported here are simultaneously encouraging and discouraging. While there is evidence that high social capital leads to better democratic government performance, there is also evidence that weakens the argument about why one should expect this relationship to hold.

There are three important implications that derive from this research. First, while a trait of social capital does seem to improve democratic performance, there are a number of aspects of Putnam's argument that when examined empirically do not hold up. More focused analysis of this problem needs to be undertaken.

Second, institutions do matter. Even in political cultures where one might expect poor performance, an appropriate institutional arrangement can make a significant difference in terms of democratic performance.

Third, the great dissatisfaction one finds in East Germany across a wide spectrum of issues has been avoided at least in the area of local government. And, ironically, this is the one area where East Germans have had a say about the form and shape of the institutions that govern their lives. Given the federal structure of the German system, as well as the clear unwillingness of West Germans to alter the institutions that had proven so successful for them since the founding of the Federal Republic, there were no choices to be made regarding the national government or the structure of state governments (Wiesenthal, 1995). The Bundesbank was not going to surrender any of its independence. And firms and unions were not going to alter their structures (nor forsake the interests of the dominant Westerners) to meet the preferences of the citizens in the New Federal States. And while constrained to some extent by the notion that the local government institutions that they would put in place would need to bear some resemblance to those in the West so as to facilitate integration into the complex federally based legal, regulative, and public finance systems, East German politicians at least had a menu of choices from which to select. Some would hold that the institutions adopted are insufficient to the tasks being confronted (Osterland, 1994), while others suggest that they were chosen for reasons other than the objective value they have (Derlien, 1995). However, from all appearances, many chose wisely and adopted institutional features that enhance performance.

## Appendix

The elite survey was conducted by sending a lengthy questionnaire through the mails to our samples of elites in the New and Old Federal States.<sup>22</sup> The samples are based upon a design that would allow the German study to conform to the preferred sampling strategy of the International Program. Thus, only towns and cities with populations within the range of 25000 to 250000 were included within the sample frame of communities. In the West, there are 357 such local government units. In the East, there is a far smaller set of towns and cities fit within this frame, viz., 80. A random sampling technique in each region was used to select the local government units for the samples. The target number of communities was 40 for each region. Ultimately, because of the refusal to cooperate with the project by authorities within 3 communities in the New Federal States, only 37 municipalities be included in the sample for that region. Across both regions there is a relatively good geographical dispersion of communities in terms of their locations in the different Federal States.<sup>23</sup>

Having identified the cities to be included within the study we then had to acquire information on the identities of the target elite groups within these towns and cities. Five categories of political and administrative officials constitute these target groups. These include (1) higher elected/public management officials of city government, (2) local party chairpersons, (3) party caucus chairpersons within the city council, (4) other members of the city council, and (5) city government department heads. With the assistance of a private survey research firm, FORSA, most of the required information (e.g., name, office held, address, and political party membership, if available) on the identity of the elites was obtained by local contact persons. Further information needed to develop a complete data base on the sample frame of these elite groups was collected by the research team at the WZB.

Hoping to acquire responses from at least 10 individuals within each of these community elites, and making the conservative assumption that the response rate to our mail survey would be approximately 33 percent, we set as the target for the total number of individuals at 30 per city. There were more than 5085 individuals within our sample frames (72+ on average in each municipality in the Old Federal States and 64+ on average in each municipality in the New Federal States).

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22 . A full description of the way in which the elite survey was conducted is provided in a WZB technical report (Cusack, 1995).

23 Given German Federal Privacy Laws we are prohibited from releasing the names of the communities within which these studies have been conducted. This is particularly important with respect to the elite survey given the nature of the sample design. It would be a relatively easy task to identify quite a number of individuals who participated in this study were such information made available. Furthermore, our debt to the participants who voluntarily participated in this study under the promise that their identities would be shielded also prevents us from identifying these communities.

To construct the samples we used a complex random stratification selection strategy. Our target respondents within each community for each of the five groups mentioned above were as follows: (1) a maximum of four higher elected/public management officials of the local government, (2) a maximum of five local party chairpersons, (3) a maximum of five party caucus chairpersons within the town/city council, (4) a minimum of 10 other members of the town/city council, and (5) a maximum of 6 town/city government department heads. Where the maximum in any category could not be selected because of the small number of people that fit within the category within a community, the excess sample positions were added to the sample of category 4, other members of the city council. In terms of categories 2, 3, and 4, selection was made in order to assure that the sample accorded with the political party and electoral group profile of the city. In terms of administrative department heads, 6 general categories composed of 15 specific kinds of town/city government departments were used. The object was to select a department head from each of the six categories. The first category included departments dealing with law and order; the second dealt with departments carrying out central administrative functions; the third had a group of departments dealing with city public finance; the fourth dealt with departments handling economic functions; and the fifth and six categories included department that deal with social and welfare functions.

The questionnaire was sent out at the end of May in 1995. Receipt of completed questionnaires ended effectively in August, although a few were received into the early fall and processed. The overall response rate of valid returns was 53.3 percent (i.e., 1231 of the 2310 questionnaires sent out were completed in full by the addressee and returned through the mails to us), with the rate slightly higher in the Old Federal States than in the New Federal States. The response rate patterns across the five target groups was fairly similar. The partisan composition of the returned questionnaires also displayed no bias relative to the sample and sample frame. Furthermore, we succeeded in acquiring responses from at least ten of the elites in all but one of the 77 communities.

The second stage of the study involved some preliminary analysis of the data for a report on the political, social, educational, and economic background of the elites as well as their ties to their communities and the role orientations to which they adhere (Cusack, 1996a). Further analysis helped to identify information that would allow us to construct a sub-sample of the cities where the survey of citizens could take place. The sample design for the city selection process was based on considerations relating to local political culture as well as variations in institutional forms of the local governments.

Limited budgetary and personnel resources dictated the manner in which the citizen survey could be conducted. Thus, the scale of the survey needed to be limited in both the scope of the questions as well as the sample size. We were able to use a sub-sample of 15 cities in the New Federal States and a sub-sample in the Old Federal States of the same size. Within each of the communities we were able to finance a sample size of 80 respondents. Again, limited resources required that a telephone survey be conducted and that this work be contracted out to a private firm, once again, the FORSA survey research company. The survey was successfully carried out during December of 1995.

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